

RESPONSIBILITY HOUSE, INC.
TERRYTOWN, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Governing Board and Management of
Responsibility House, Inc.
Terrytown, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Responsibility House, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Responsibility House, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Responsibility House, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Responsibility House, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Governing Board and Management of
Responsibility House, Inc.
Terrytown, Louisiana
November 26, 2025

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Responsibility House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Responsibility House, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



To the Governing Board and Management of
Responsibility House, Inc.
Terrytown, Louisiana
November 26, 2025

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of combining statement of activities and of compensation, benefits, and other payments to agency head or chief executive officer, as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of Responsibility House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Responsibility House, Inc.'s 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, Inc.'s internal control over financial reporting and compliance.

November 26, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

RESPONSIBILITY HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|---------------------------------------|------------|--------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS:</u> | | |
| Cash and cash equivalents | \$ 404,310 | \$ 452,816 |
| Grants and Medicaid fees receivable | 214,580 | 299,545 |
| Total current assets | 618,890 | 752,361 |
| <u>PROPERTY AND EQUIPMENT:</u> | | |
| Automotive equipment | 193,387 | 216,730 |
| Office equipment | 9,338 | 19,719 |
| Furniture and appliances | - | 5,717 |
| Less: accumulated depreciation | (200,859) | (238,433) |
| Property and equipment, net | 1,866 | 3,733 |
| <u>RIGHT-OF-USE ASSETS:</u> | | |
| Operating right-of-use assets | - | 913,014 |
| Less: accumulated amortization | - | (189,530) |
| Right-of-use assets, net | - | 723,484 |
| <u>OTHER ASSETS:</u> | | |
| Deposits | 10,613 | 10,613 |
| Total assets | \$ 631,369 | \$ 1,490,191 |

See accompanying NOTES TO FINANCIAL STATEMENTS

RESPONSIBILITY HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF JUNE 30, 2025 AND 2024

| | <u>2025</u> | <u>2024</u> |
|---|-----------------------|-------------------------|
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES:</u> | | |
| Accrued annual leave | \$ 107,297 | \$ 105,103 |
| Operating lease liabilities, current portion | - | 113,046 |
| Notes payable, current portion | <u>13,100</u> | <u>9,362</u> |
| Total current liabilities | <u>120,397</u> | <u>227,511</u> |
| <u>LONG-TERM LIABILITIES:</u> | | |
| Operating lease liabilities, net of current portion | - | 610,438 |
| Notes payable, net of current portion | <u>435,619</u> | <u>462,484</u> |
| Total long-term liabilities | <u>435,619</u> | <u>1,072,922</u> |
| Total liabilities | <u>556,016</u> | <u>1,300,433</u> |
| <u>NET ASSETS:</u> | | |
| Without donor restrictions | <u>75,353</u> | <u>189,758</u> |
| Total net assets | <u>75,353</u> | <u>189,758</u> |
| Total liabilities and net assets | <u>\$ 631,369</u> | <u>\$ 1,490,191</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

RESPONSIBILITY HOUSE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

| | <u>Without Donor</u> <u>Restrictions</u> | <u>With Donor</u> <u>Restrictions</u> | <u>Total</u> |
|--|---|--|----------------------|
| <u>REVENUES:</u> | | | |
| Grants and Medicaid fees | \$ 3,807,568 | \$ - | \$ 3,807,568 |
| Food Stamp income | 10,802 | - | 10,802 |
| Gifts in-kind | 57,897 | - | 57,897 |
| Occupancy fees | 45,136 | - | 45,136 |
| Contributions | 11,102 | - | 11,102 |
| Other | 7,517 | - | 7,517 |
| Net assets released from restrictions | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>3,940,022</u> | <u>-</u> | <u>3,940,022</u> |
| <u>EXPENSES:</u> | | | |
| Program services | 3,926,633 | - | 3,926,633 |
| Supporting services: | | | |
| Management and general | <u>127,794</u> | <u>-</u> | <u>127,794</u> |
| Total expenses | <u>4,054,427</u> | <u>-</u> | <u>4,054,427</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>(114,405)</u> | <u>-</u> | <u>(114,405)</u> |
| Net assets - beginning of year | <u>189,758</u> | <u>-</u> | <u>189,758</u> |
| Net assets - end of year | <u>\$ 75,353</u> | <u>\$ -</u> | <u>\$ 75,353</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

RESPONSIBILITY HOUSE, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Without Donor</u> <u>Restrictions</u> | <u>With Donor</u> <u>Restrictions</u> | <u>Total</u> |
|--|---|--|-----------------------|
| <u>REVENUES:</u> | | | |
| Grants and Medicaid fees | \$ 3,348,872 | \$ - | \$ 3,348,872 |
| Food Stamp income | 9,963 | - | 9,963 |
| Gifts in-kind | 102,245 | - | 102,245 |
| Occupancy fees | 44,198 | - | 44,198 |
| Contributions | 13,128 | - | 13,128 |
| Other | 2,989 | - | 2,989 |
| Net assets released from restrictions | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>3,521,395</u> | <u>-</u> | <u>3,521,395</u> |
| <u>EXPENSES:</u> | | | |
| Program services | 3,621,097 | - | 3,621,097 |
| Supporting services: | | | |
| Management and general | <u>63,581</u> | <u>-</u> | <u>63,581</u> |
| Total expenses | <u>3,684,678</u> | <u>-</u> | <u>3,684,678</u> |
| <u>CHANGE IN NET ASSETS</u> | (163,283) | - | (163,283) |
| Net assets - beginning of year | <u>353,041</u> | <u>-</u> | <u>353,041</u> |
| Net assets - end of year | <u>\$ 189,758</u> | <u>\$ -</u> | <u>\$ 189,758</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

RESPONSIBILITY HOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

| | Program Services | Supporting Services <u>Management and General</u> | <u>Total</u> |
|-------------------------------------|---------------------|---|---------------------|
| Salaries and wages | \$ 1,146,491 | \$ 26,629 | \$ 1,173,120 |
| Payroll taxes and related benefits | <u>97,297</u> | <u>6,528</u> | <u>103,825</u> |
| Total salaries and related expenses | 1,243,788 | 33,157 | 1,276,945 |
| Operating services | 225,556 | 81,401 | 306,957 |
| Supplies | 232,551 | 2,901 | 235,452 |
| Professional services | 92,584 | 7,122 | 99,706 |
| Occupancy | 2,059,148 | - | 2,059,148 |
| Transportation | 61,268 | 251 | 61,519 |
| Depreciation | - | 1,867 | 1,867 |
| Equipment | <u>11,738</u> | <u>1,095</u> | <u>12,833</u> |
| Total functional expenses | <u>\$ 3,926,633</u> | <u>\$ 127,794</u> | <u>\$ 4,054,427</u> |

RESPONSIBILITY HOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

| | Program Services | Supporting Services Management and General | Total |
|-------------------------------------|---------------------|---|---------------------|
| Salaries and wages | \$ 1,119,224 | \$ 16,359 | \$ 1,135,583 |
| Payroll taxes and related benefits | <u>100,011</u> | <u>5,669</u> | <u>105,680</u> |
| Total salaries and related expenses | 1,219,235 | 22,028 | 1,241,263 |
| Operating services | 213,903 | 27,816 | 241,719 |
| Supplies | 232,332 | 3,433 | 235,765 |
| Professional services | 111,552 | 2,985 | 114,537 |
| Occupancy | 1,815,310 | - | 1,815,310 |
| Transportation | 14,820 | - | 14,820 |
| Depreciation | - | 7,319 | 7,319 |
| Equipment | <u>13,945</u> | <u>-</u> | <u>13,945</u> |
| Total functional expenses | <u>\$ 3,621,097</u> | <u>\$ 63,581</u> | <u>\$ 3,684,678</u> |

See accompanying NOTES TO FINANCIAL STATEMENTS

RESPONSIBILITY HOUSE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

| | 2025 | 2024 |
|---|--------------|--------------|
| <u>CASH FLOWS FROM (USED FOR)</u> | | |
| <u>OPERATING ACTIVITIES:</u> | | |
| Grant revenue and Medicaid charges | \$ 3,807,568 | \$ 3,348,872 |
| Occupancy fees | 45,136 | 44,198 |
| Other | 29,421 | 26,080 |
| | 3,882,125 | 3,419,150 |
| | | |
| Payments to employees and suppliers | (3,901,013) | (3,627,828) |
| Interest expense | (6,491) | (5,822) |
| | | |
| Net cash (used for) from operating activities | (25,379) | (214,500) |
| | | |
| <u>CASH FLOWS FROM (USED FOR)</u> | | |
| <u>FINANCING ACTIVITIES:</u> | | |
| Proceeds from notes payable | - | (21,254) |
| Payments on notes payable | (23,127) | - |
| | | |
| Net cash (used for) financing activities | (23,127) | (21,254) |
| | | |
| Net (decrease) in cash and cash equivalents | (48,506) | (235,754) |
| | | |
| Cash and cash equivalents, beginning of year | 452,816 | 688,570 |
| | | |
| Cash and cash equivalents, end of year | \$ 404,310 | \$ 452,816 |
| | | |
| <u>RECONCILIATION OF INCREASE (DECREASE) IN</u> | | |
| <u>NET ASSETS TO NET CASH PROVIDED (USED) BY</u> | | |
| <u>OPERATING ACTIVITIES:</u> | | |
| Change in net assets | \$ (114,405) | \$ (163,283) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 1,867 | 7,319 |
| Decrease (increase) in: | | |
| Grants and Medicaid fees receivable | 84,965 | (60,688) |
| Increase in: | | |
| Accrued annual leave | 2,194 | 2,152 |
| | | |
| Net cash (used for) from operating activities | \$ (25,379) | \$ (214,500) |

See accompanying NOTES TO FINANCIAL STATEMENTS

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Responsibility House, Inc. (the Organization), a private, non-profit corporation, is a New Orleans area agency that assists people who are ready to make the journey to sobriety, stability, and health. The Organization operates a residential treatment program, outpatient treatment program, and a supportive housing program.

Basis of Accounting and Financial Reporting Framework

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly revenues and gains are recognized when earned, and expenses and losses are recognized when incurred in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The revenues received in conducting the mission of the Organization are included in this category.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. 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, whereby, the donor has stipulated the funds be maintained in perpetuity.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at June 30, 2025 and 2024.

Grants and Medicaid Fees Receivable

Management closely monitors outstanding receivable balances and estimates an allowance for uncollectible receivables based on prior experience. Balances that are determined to be uncollectible are written off. Management has determined that all receivable balances are fully collectible. Accordingly, no provision for doubtful accounts is considered necessary as of June 30, 2025 and 2024.

Property and Equipment and Depreciation

Property and equipment acquired by the Organization are considered to be owned by the Organization. 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.

Property and equipment are recorded at cost when purchased and at fair market value when received as a donation. Property and equipment exceeding \$5,000 is capitalized. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range generally as follows:

| | |
|--------------------------|--------------|
| Automotive equipment | 4 years |
| Office equipment | 5 to 7 years |
| Furniture and appliances | 5 to 7 years |

Depreciation expense for the years ended June 30, 2025 and 2024 was \$1,867 and \$7,319, respectively.

Accrued Annual Leave

All full-time staff members generate annual leave based upon individual time in service to the Organization. Accrual rates are per pay period and are determined by the employee's anniversary date. Employees may carry over two years of accrued vacation. Upon termination, the employee's accrued, but not taken hours, will be added to the final paycheck using the employee's then current straight time hourly rate for conversion. As of June 30, 2025 and 2024, the accrued leave liability totaled \$107,297 and \$105,103, respectively.

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Grants and Medicaid Fees

The Organization's revenue is primarily comprised of cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The services received by the public are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the contract or grant provisions.

Grants and Contributions

Grant revenue is recognized as it is earned in accordance with approved contracts. Contributions are recognized as income in the period received and report as unrestricted or restricted support 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, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Gifts In-Kind

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

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow The Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

All donated noncash assets received by the Organization for the years ended June 30, 2025 and 2024 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2025, Responsibility House did not have any unrelated business income. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements. The 2022 through 2024 tax years remain subject to examination by the IRS. Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Leases

The Organization applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The Organization determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability, and determining the incremental borrowing rate.

The Organization's lease contracts may include extension and termination options. The Organization applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the Organization reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As an accounting policy election, the Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases (those with a lease term of 12 months or less and no purchase option). For all other leases, the Organization is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Organization generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the initial direct costs incurred by the lessor related to the leased assets is not available.

The Organization determines the incremental borrowing rate of each lease by estimating the credit rating of the Organization at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

During the current year, the Organization declined to renew certain leases and amended its existing operating leases to month-to-month terms or terms of less than one year due to uncertainty regarding future federal grants. As a result, these leases qualify as short-term leases under ASC 842, and the related right-of-use assets and corresponding liabilities have been removed from the current year Statement of Financial Position.

Advertising

The Organization expenses all non-direct response advertising costs as incurred. Advertising expense for the years ended June 30, 2025 and 2024, were \$26,369 and \$15,435, respectively.

Date of Management Review

Subsequent events have been evaluated through November 26, 2025, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available at year end and available to meet cash needs for general expenditures within one year as of June 30, 2025 and 2024 were \$618,890 and \$752,361, respectively. No amounts were not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has an open line of credit on which to draw in case of unanticipated liquidity needs; therefore, short-term cash flows are carefully monitored.

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(3) GRANTS AND MEDICAID FEES RECEIVABLE AND REVENUE

Grants and Medicaid fees receivable and revenue at June 30, 2025 consist of the following:

| | <u>Receivable</u> | <u>Revenue</u> |
|--|-------------------|---------------------|
| Bayou Health Companies - Medicaid | \$ 83,161 | \$ 672,115 |
| Jefferson Parish Human Services Authority: | | |
| Men's residential program | 16,810 | 306,485 |
| PATH | 40,059 | 112,936 |
| Transitional supportive housing | 1,095 | 106,815 |
| Community Development Block Grant | 12,649 | 47,492 |
| Unity of Greater New Orleans: | | |
| Pathways | 27,496 | 2,012,716 |
| Street outreach | 6,765 | 76,462 |
| Journey home | 4,250 | 395,911 |
| U.S. District Court, Probation Office | 22,295 | 76,636 |
| Total | <u>\$ 214,580</u> | <u>\$ 3,807,568</u> |

Grants and Medicaid fees receivable and revenue at June 30, 2024 consist of the following:

| | <u>Receivable</u> | <u>Revenue</u> |
|--|-------------------|---------------------|
| Bayou Health Companies - Medicaid | \$ 53,564 | \$ 662,699 |
| Jefferson Parish Human Services Authority: | | |
| Men's residential program | 44,973 | 273,465 |
| PATH | 18,720 | 92,810 |
| Transitional supportive housing | 70,002 | 191,061 |
| Community Development Block Grant | 16,500 | 16,500 |
| Unity of Greater New Orleans: | | |
| Keys project | - | 373,962 |
| Pathways | 57,287 | 1,400,497 |
| Street outreach | 4,657 | 67,185 |
| Emergency rental | 20,205 | 20,205 |
| Journey home | 12,512 | 199,338 |
| U.S. District Court, Probation Office | 1,125 | 51,150 |
| Total | <u>\$ 299,545</u> | <u>\$ 3,348,872</u> |

(4) LINE OF CREDIT

The Organization has a \$250,000 revolving line of credit from Hancock Whitney Bank that is utilized for working capital for temporary cash flow. The line of credit matures on November 4, 2026 and terms of repayment call for monthly payments of principal and interest at the prime lending rate plus 10.25%. There was no outstanding balance as of June 30, 2025 and 2024.

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(5) NOTES PAYABLE

Notes payable consisted of the following at June 30th:

| | 2025 | 2024 |
|---|------------|------------|
| Note payable to Small Business Administration. Loan due in monthly payments of \$2,073 plus interest at 2.00% applied first to outstanding accrued interest. Payments on accrued interest begin November 2023. Payments on principal begin September 2024 through maturity in May 2052. Secured with tangible and intangible property. | \$ 303,947 | \$ 321,946 |
| Note payable to Small Business Administration. Loan due in monthly payments of \$641 plus interest at 2.75% applied first to outstanding accrued interest. Payments on accrued interest begin September 2023. Payments on principal begin December 2024 through maturity in May 2052. Secured with tangible and intangible property. | 144,772 | 149,900 |
| Total notes payable | \$ 448,719 | \$ 471,846 |

Maturities of long-term notes payable at June 30th are as follows:

| | | |
|------------|----|---------|
| 2026 | \$ | 13,100 |
| 2027 | | 13,390 |
| 2028 | | 13,691 |
| 2029 | | 13,997 |
| 2030 | | 14,311 |
| Thereafter | | 380,230 |
| | \$ | 448,719 |

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(6) GIFTS IN-KIND

The Organization received donated noncash assets included in the statements of activities as follows during the years ended June 30th:

| | 2025 | 2024 |
|---------------------|-----------|------------|
| Supplies | \$ 57,898 | \$ 102,245 |
| Total gifts in-kind | \$ 57,898 | \$ 102,245 |

(7) LEASE COMMITMENTS

The Organization maintains operating leases for its residential treatment program, supportive housing program, and administrative offices. The administrative office leases commenced in December 2009 and May 2017 and are renewed annually. In addition, the Organization leases apartments that are then subleased to supportive housing clients. These client-occupied apartment leases typically have one-year terms beginning at various points throughout the year, with monthly rental payments ranging from \$729 to \$2,141. Rental payments for administrative office space range from \$215 to \$2,598.

The Organization also maintains short-term operating leases (less than 12 months) for certain residential treatment and supportive housing program facilities.

The Organization currently has approximately 350 client-occupied operating leases related to the residential treatment and supportive housing programs (program leases), as well as two operating leases for administrative office space (administrative leases). Each administrative lease has a term of less than one year.

In the prior years, the Organization maintained multiple long-term operating leases. However, due to changes in federal funding, The Organization elected not to renew or enter into long-term lease commitments in the current year and now maintains only short-term operating leases.

Lease Term and Discount Rate:

| | 2025 | 2024 |
|--|------|-------|
| <u>Weighted Average Remaining Lease Term (years)</u> | | |
| Operating leases | - | 7.03 |
| <u>Weighted Average Discount Rate</u> | | |
| Operating leases | 0% | 3.86% |

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(7) LEASE COMMITMENTS (CONTINUED)

Rent expense from leases for the year ended June 30, 2025 was as follows:

| | Program Leases | Administrative Leases | Total |
|--|---------------------|--------------------------|---------------------|
| Bayou Health Companies | \$ 24,800 | \$ 25,658 | \$ 50,458 |
| Jefferson Parish Human Services Authority: | | | |
| Men's residential program | 11,200 | 25,542 | 36,742 |
| PATH | 9,680 | 2,589 | 12,269 |
| Transitional supportive housing | 107,310 | 1,294 | 108,604 |
| Unity of Greater New Orleans: | | | |
| Pathways | 1,520,507 | 32,161 | 1,552,668 |
| Journey home | 285,663 | 4,200 | 289,863 |
| Other | - | 8,544 | 8,544 |
| Total | <u>\$ 1,959,160</u> | <u>\$ 99,988</u> | <u>\$ 2,059,148</u> |

Rent expense from leases for the year ended June 30, 2024 was as follows:

| | Program Leases | Administrative Leases | Total |
|--|---------------------|--------------------------|---------------------|
| Bayou Health Companies | \$ 15,600 | \$ 23,283 | \$ 38,883 |
| Jefferson Parish Human Services Authority: | | | |
| Men's residential program | 17,400 | 23,381 | 40,781 |
| PATH | 11,271 | 2,373 | 13,644 |
| Transitional supportive housing | 194,532 | 2,560 | 197,092 |
| Unity of Greater New Orleans: | | | |
| Keys project | 297,762 | 4,422 | 302,184 |
| Pathways | 1,042,505 | 24,971 | 1,067,476 |
| Journey home | 144,601 | 2,800 | 147,401 |
| Other | - | 7,849 | 7,849 |
| Total | <u>\$ 1,723,671</u> | <u>\$ 91,639</u> | <u>\$ 1,815,310</u> |

(8) CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts at one financial institution. The balances at times may exceed federally insured limits. There were \$25,129 and \$75,867 in excess of amounts covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 at June 30, 2025 and 2024, respectively. The Organization has not experienced any losses in these accounts.

RESPONSIBILITY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024

(9) GRANT PROGRAM CONTINGENCIES

The Organization participates in a number of state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2025 and 2024 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Organization

(10) ECONOMIC DEPENDENCY

The Organization receives 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 Organization received could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds the Organization will receive in fiscal year 2026. The Organization's support through federal grants totaled approximately 72% and 85% of revenue for each of the years ended June 30, 2025 and 2024, respectively.

SUPPLEMENTARY INFORMATION

RESPONSIBILITY HOUSE, INC.
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

| | Program Services | | | | | | | | | | | Supporting Services | | 2025 Totals | 2024 Totals | | |
|--|------------------------------|-------------------|-----------------|---------------------------------------|---|---------------|------------------|-----------------------------|------------------------|-----------------|----------------|------------------------------|---------------------------|------------------|------------------|---------------------------|--|
| | Bayou Health Companies | U.S. Probation | JPHSA | Transitional Supportive Housing | Community Development Block Grant | PATH | Pathways | COC Coordinated Entry | Kenner St. Outreach | Journey Home | Other | Total Program Services | Property and Equipment | | | Management and General | |
| REVENUES: | | | | | | | | | | | | | | | | | |
| Grants and Medicaid fees | \$ 672,115 | \$ 76,636 | \$ 197,299 | \$ 145,344 | \$ 47,492 | \$ 78,779 | \$ 1,973,092 | \$ 76,462 | \$ 1,095 | \$ 389,089 | \$ 150,165 | \$ 3,807,568 | \$ - | \$ - | \$ 3,807,568 | \$ 3,348,872 | |
| Food Stamp income | - | - | - | - | - | - | - | - | - | - | 10,802 | 10,802 | - | - | 10,802 | 9,963 | |
| Gifts in-kind | - | - | - | - | - | 14,264 | 43,633 | - | - | - | - | 57,897 | - | - | 57,897 | 102,245 | |
| Insurance proceeds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Occupancy fees | - | - | - | - | - | - | 40,144 | - | - | 4,992 | - | 45,136 | - | - | 45,136 | 44,198 | |
| Contributions | - | - | - | - | - | - | - | - | - | - | - | - | - | 11,102 | 11,102 | 13,128 | |
| Other | 100 | - | - | - | - | - | - | - | - | - | - | 100 | - | 7,417 | 7,517 | 2,989 | |
| Net assets released from restrictions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total revenues | 672,215 | 76,636 | 197,299 | 145,344 | 47,492 | 93,043 | 2,056,869 | 76,462 | 1,095 | 394,081 | 160,967 | 3,921,503 | - | 18,519 | 3,940,022 | 3,521,395 | |
| EXPENSES: | | | | | | | | | | | | | | | | | |
| Salaries and wages | 348,857 | 18,714 | 175,275 | 20,327 | 66,742 | 47,998 | 264,719 | 49,737 | 1,017 | 66,188 | 86,917 | 1,146,491 | - | 26,629 | 1,173,120 | 1,135,584 | |
| Payroll taxes and related benefits | 27,581 | 1,459 | 15,060 | 1,803 | 5,307 | 4,831 | 23,039 | 4,640 | 78 | 6,143 | 7,356 | 97,297 | - | 6,528 | 103,825 | 105,680 | |
| Total salaries and related expenses | 376,438 | 20,173 | 190,335 | 22,130 | 72,049 | 52,829 | 287,758 | 54,377 | 1,095 | 72,331 | 94,273 | 1,243,788 | - | 33,157 | 1,276,945 | 1,241,264 | |
| Operating services | 110,041 | 692 | 11,641 | 5,374 | 2,000 | 6,521 | 82,034 | 624 | - | 6,103 | 526 | 225,556 | - | 81,401 | 306,957 | 241,719 | |
| Supplies | 52,397 | 7 | 2,994 | 63 | 5,669 | 17,538 | 111,913 | 16,720 | - | 25,250 | - | 232,551 | - | 2,901 | 235,452 | 235,765 | |
| Professional services | 32,002 | 500 | 2,000 | - | 1,200 | 518 | 15,599 | - | - | 3,000 | 37,765 | 92,584 | - | 7,122 | 99,706 | 114,537 | |
| Occupancy | 50,458 | 4,560 | 36,742 | 108,605 | - | 12,269 | 1,552,668 | 3,984 | - | 289,862 | - | 2,059,148 | - | - | 2,059,148 | 1,815,310 | |
| Transportation | 1,177 | 222 | - | 252 | - | 3,490 | 49,095 | 2,387 | - | 4,645 | - | 61,268 | - | 251 | 61,519 | 14,819 | |
| Depreciation | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,867 | 1,867 | 7,319 | |
| Equipment | - | - | - | - | - | - | 950 | - | - | - | 10,788 | 11,738 | - | 1,095 | 12,833 | 13,945 | |
| Total functional expenses | 622,513 | 26,154 | 243,712 | 136,424 | 80,918 | 93,165 | 2,100,017 | 78,092 | 1,095 | 401,191 | 143,352 | 3,926,633 | - | 127,794 | 4,054,427 | 3,684,678 | |
| CHANGE IN NET ASSETS | 49,702 | 50,482 | (46,413) | 8,920 | (33,426) | (122) | (43,148) | (1,630) | - | (7,110) | 17,615 | (5,130) | - | (109,275) | (114,405) | (163,283) | |
| Transfers to (from) management and general | (49,702) | (50,482) | 46,413 | (8,920) | 33,426 | 122 | 43,148 | 1,630 | - | 7,110 | (17,615) | 5,130 | - | (5,130) | - | - | |
| Net assets - beginning of year | - | - | - | - | - | - | - | - | - | - | - | - | 3,733 | 186,025 | 189,758 | 353,041 | |
| Net assets - end of year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,733 | \$ 71,620 | \$ 75,353 | \$ 189,758 | |

RESPONSIBILITY HOUSE, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2025

| | <u>Executive Director</u> |
|--|----------------------------------|
| | Wm. Michael Martyn |
| | 07/01/24 through 06/30/25 |
| Time period | |
| Salary | \$ 146,733 |
| Benefits | 11,577 |
| Use of company car | <u>4,600</u> |
| Total compensation, benefits, and other payments | <u><u>\$ 162,910</u></u> |

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



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

To the Governing Board and Management of
Responsibility House, Inc.
Terrytown, Louisiana

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, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Responsibility House, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Responsibility House, Inc.'s internal control.

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

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



To the Governing Board and Management of
Responsibility House, Inc.
November 26, 2025

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Responsibility House, Inc.’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Responsibility House, Inc.’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 26, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION



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

To the Governing Board and Management of
Responsibility House, Inc.
Terrytown, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Responsibility House, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Responsibility House, Inc.'s major federal programs for the year ended June 30, 2025. Responsibility House, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Responsibility House, Inc. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Responsibility House, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Responsibility House, Inc.'s compliance with the compliance requirements referred to above.



To the Governing Board and Management of
Responsibility House, Inc.
November 26, 2025

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Responsibility House, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Responsibility House, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Responsibility House, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Responsibility House, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Responsibility House, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Responsibility House, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.



To the Governing Board and Management of
Responsibility House, Inc.
November 26, 2025

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

November 26, 2025
New Orleans, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

RESPONSIBILITY HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

| Federal Grantor/Pass-Through or Grantor/Program or Cluster Title | Federal AL Number | Grant Year Ended | Agency or Pass-through Grantor's Number | Federal Expenditures |
|---|-------------------------|------------------------|---|-------------------------|
| U.S. Department of Health and Human Services | | | | |
| <i>Pass-through Jefferson Parish Human Service Authority</i> | | | | |
| Projects for Assistance in Transition from Homelessness (PATH) Block Grants for Prevention and Treatment of Substance Abuse Residential Treatment Program | 93.150 | 6/30/25 | BH-08-25 | \$ 78,779 |
| | 93.959 | 6/30/25 | BH-07-25 | <u>197,299</u> |
| Total U.S. Department of Health and Human Services | | | | 276,078 |
| U.S. Department of Housing and Urban Development | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| <i>Pass-through Jefferson Parish Department of Community Development</i> | | | | |
| Community Development Block Grants/Entitlement Grants | | | | |
| CDBG | 14.218 | 12/31/24 | 55-22037 | 36,218 |
| CDBG | 14.218 | 12/31/25 | 55-22774 | 11,264 |
| Passed-through City of Kenner Department of Community Development | 14.218 | 12/31/25 | | <u>1,095</u> |
| Total CDBG - Entitlement Grants Cluster | | | | 48,577 |
| <i>Pass-through Unity of Greater New Orleans</i> | | | | |
| Continuum of Care Program | | | | |
| Pathways | 14.267 | 9/30/24 | LA0070L6H032215 | 528,901 |
| Pathways | 14.267 | 9/30/25 | LA0070L6H032316 | 1,444,191 |
| Journey Home | 14.267 | 9/30/24 | LA0280L6H032206 | 121,167 |
| Journey Home | 14.267 | 9/30/25 | LA0280L6H032307 | 274,744 |
| Street Outreach for Coordinated Entry | 14.267 | 7/1/24 | LA0277L6H031802 | 16,700 |
| Street Outreach for Coordinated Entry | 14.267 | 7/31/25 | LA0277L6H032307 | <u>59,762</u> |
| Total AL 14.267 | | | | <u>2,445,465</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>2,494,042</u> |
| U.S. Department of Justice | | | | |
| <i>Pass-through United States District Court, Eastern District of Louisiana, Probation Office</i> | | | | |
| Treatment Court Discretionary Grant Program | | | | |
| Adult Drug Court Discretionary Grant | 16.585 | 9/30/25 | 053L - 202- 011 | <u>76,636</u> |
| Total U.S. Department of Justice | | | | <u>76,636</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 2,846,756</u> |

RESPONSIBILITY HOUSE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Responsibility House, Inc. under programs of the federal government for the year ended June 30, 2025. The information in the schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Responsibility House, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Responsibility House, Inc.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

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 allowed or are limited as to reimbursement.

Pass-Through Entity Information

Pass-through entity identifying numbers are presented where available.

Payments to Subrecipients

There were no payments to subrecipients for the year ended June 30, 2025.

(3) INDIRECT COST RATE

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

(4) MATCHING CONTRIBUTIONS

Matching contributions for the supportive housing program for the year ended June 30, 2025 were as follows:

| | |
|----------------------------|-------------------|
| Gifts in-kind | \$ 57,898 |
| PATH funds | 11,102 |
| Responsibility House funds | <u>45,136</u> |
| Total | <u>\$ 114,136</u> |

RESPONSIBILITY HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Responsibility House, Inc.
2. No significant deficiencies or material weaknesses in internal control related to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the 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*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Responsibility House, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as major programs was AL #14.267 Continuum of Care Program.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Responsibility House, Inc. was determined not to be a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2025.

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

There were no findings related to major federal awards programs for the year ended June 30, 2025.

RESPONSIBILITY HOUSE, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

I. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There no findings related to the internal control and compliance material to the financial statements for the year ended June 30, 2024.

II. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings and questioned costs related to major federal award programs for the year ended June 30, 2024.

III. MANAGEMENT LETTER

There was a management letter issued for the year ended June 30, 2024.