

9561

MONROE AREA GUIDANCE CENTER

A/K/A HARMONY HOUSE

MONROE, LOUISIANA

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FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

FOR THE YEAR ENDED

JUNE 30, 2007

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/9/08

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
JUNE 30, 2007

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  - Governmental Organizations
- Business & Financial Planning
- Tax Preparation & Planning
  - Individual & Partnership
  - Corporate & Fiduciary
- Bookkeeping & Payroll Services

November 20, 2007

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Monroe Area Guidance Center  
a/k/a Harmony House  
Monroe, Louisiana

We have audited the accompanying statement of financial position of Monroe Area Guidance Center a/k/a Harmony House (a nonprofit organization) as of and for the year ended June 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 14, the Fairhaven Shelter was destroyed when a truck was driven through it. An insurance claim was filed and proceeds have been received by the Organization. However, the Organization has not determined whether to rebuild the shelter or to sell the building as it is.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary if the Fairhaven Shelter

building is rebuilt or is sold, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Area Guidance Center a/k/a Harmony House, as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2007 on our consideration of Monroe Area Guidance Center a/k/a Harmony House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Monroe Area Guidance Center a/k/a Harmony House taken as a whole. The accompanying financial information listed as supplementary financial information in the table of contents for the year ended June 30, 2007 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Johnston, Perry, Johnson & Associates, L.L.P.*

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CERTIFIED PUBLIC ACCOUNTANTS

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November 20, 2007

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

To the Board of Directors  
Monroe Area Guidance Center  
a/k/a Harmony House  
Monroe, Louisiana

We have audited the financial statements of Monroe Area Guidance Center a/k/a Harmony House as of and for the year ended June 30, 2007, and have issued our report thereon dated November 20, 2007. We conducted our audit in accordance with accounting standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monroe Area Guidance Center a/k/a Harmony House's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Area Guidance Center a/k/a Harmony House's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. A significant deficiency is listed as finding 07-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe Area Guidance Center a/k/a Harmony 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Johnston, Perry, Johnson & Associates, L.L.P.*

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	173,943
Accounts Receivable - Grants	56,460
Accounts Receivable - Related Parties	7,997
Accounts Receivable - Other	805
Unconditional Promises to Give United Way Services Funding	61,000

TOTAL CURRENT ASSETS 300,205

PROPERTY AND EQUIPMENT

Land	85,650
Buildings	957,715
Furniture and Equipment	190,728
Improvements	179,049
	1,413,142
Less: Accumulated Depreciation	( 567,140)

NET PROPERTY AND EQUIPMENT 846,002

TOTAL ASSETS 1,146,207

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	5,005
Accrued Leave	14,209
Deferred Revenue - Insurance Proceeds	194,358

TOTAL CURRENT LIABILITIES 213,572

NET ASSETS

Unrestricted - Operations	25,633
Unrestricted - Fixed Assets	846,002
Temporarily Restricted	61,000

TOTAL NET ASSETS 932,635

TOTAL LIABILITIES AND NET ASSETS 1,146,207

The accompanying notes are an integral part of these financial statements.



MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

	Temporarily Restricted	Permanently Restricted	Unre- stricted	Total
<u>UNRESTRICTED NET ASSETS</u>				
Support				
Grants and Contracts	-	-	501,974	501,974
Contributions	61,000	-	7,041	68,041
<u>TOTAL UNRESTRICTED SUPPORT</u>	61,000	-0-	509,015	570,015
Revenues				
Client Fees	-	-	10,169	10,169
Miscellaneous	-	-	17,572	17,572
Management and Bookkeeping Fees	-	-	7,561	7,561
Interest Income	-	-	2,936	2,936
<u>TOTAL UNRESTRICTED REVENUES</u>	-0-	-0-	38,238	38,238
Net Assets Released from Restrictions				
United Way Services Funding	(72,798)	-0-	72,798	-0-
<u>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</u>	(72,798)	-0-	72,798	-0-
<u>TOTAL UNRESTRICTED SUPPORT, REVENUES AND RECLASSIFICATION</u>	(11,798)	-0-	620,051	608,253
<u>EXPENSES</u>				
Program Services				
Community Support	-	-	99,902	99,902
Fairhaven Shelter	-	-	201,824	201,824
Supportive Living	-	-	107,481	107,481
Laundry Services	-	-	34,265	34,265
Transportation	-	-	41,049	41,049
Harmony House	-	-	70,436	70,436
Case Management Plus	-	-	69,654	69,654
<u>TOTAL PROGRAM SERVICES</u>	-0-	-0-	624,611	624,611
Supporting Services				
Management and General	-	-	43,173	43,173
Fund Raising	-	-	-	-
<u>TOTAL SUPPORTING SERVICES</u>	-0-	-0-	43,173	43,173
<u>TOTAL EXPENSES</u>	-0-	-0-	667,784	667,784
<u>INCREASE (DECREASE) IN NET ASSETS</u>	(11,798)	-	( 47,733)	( 59,531)
<u>NET ASSETS AT BEGINNING OF YEAR</u>	72,798	-0-	919,368	992,166
<u>NET ASSETS AT END OF YEAR</u>	61,000	-0-	871,635	932,635

The accompanying notes are an integral part of these financial statements.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2007

PROGRAM SERVICES

	Community Support Program	Fairhaven Support	Supportive Living	Laundry Services
Personal Services	48,344	102,333	78,796	6,581
Related Benefits	18,273	10,869	6,633	925
Travel	1,774	2,617	5,000	2,161
Operating Services	-	66,810	6,372	20,388
Supplies	16,645	4,894	1,375	814
Professional Services	509	2,200	400	300
Miscellaneous	<u>5,526</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenses Before Depreciation</u>	91,071	189,723	98,576	31,169
Depreciation	<u>8,831</u>	<u>12,101</u>	<u>8,905</u>	<u>3,096</u>
<u>TOTAL EXPENSES</u>	<u>99,902</u>	<u>201,824</u>	<u>107,481</u>	<u>34,265</u>

	Transportation OMH	Harmony House OMH	Case Management Plus	General and Adminis- trative	TOTAL
Personal Services	21,676	32,155	55,466	35,230	380,581
Related Benefits	1,667	3,702	6,078	2,818	50,965
Travel	478	550	2,317	-	14,897
Operating Services	11,923	20,867	2,796	378	129,534
Supplies	1,398	6,694	2,997	1,205	36,022
Professional Services	-	500	-	-	3,909
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,526</u>
<u>Total Expenses Before Depreciation</u>	37,142	64,468	69,654	39,631	621,434
Depreciation	<u>3,907</u>	<u>5,968</u>	<u>-</u>	<u>3,542</u>	<u>46,350</u>
<u>TOTAL EXPENSES</u>	<u>41,049</u>	<u>70,436</u>	<u>69,654</u>	<u>43,173</u>	<u>667,784</u>

The accompanying notes are an integral part of these financial statements.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets	(59,531)
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided (Used) by Operating Activities	
Depreciation	46,350
(Increase) Decrease in:	
Operating Assets - Unconditional Promises to Give	11,798
Accounts Receivable - Grants	10,527
Accounts Receivable - Other	( 151)
Increase (Decrease) in Operating Liabilities -	
Accounts Payable	4,747
Accrued Leave	( 1,377)
Deferred Revenue	194,358

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 206,721

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	<u>-0-</u>
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES -0-

CASH FLOWS FROM FINANCING ACTIVITIES

Increase (Decrease) in Debt	( <u>71,178</u> )
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NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES ( 71,178 )

NET INCREASE (DECREASE) IN CASH 135,543

BEGINNING CASH AND CASH EQUIVALENTS 38,400

ENDING CASH AND CASH EQUIVALENTS 173,943

SUPPLEMENTAL CASH BASIS DATA

Interest Paid	1,232
Income Taxes Paid	-0-

The accompanying notes are an integral part of these financial statements.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE 1 - Summary of Significant Accounting Policies

A. Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles for not-for-profit organizations.

B. Organization:

The Organization provides a spectrum of habilitation-oriented services to the chronically mentally ill in northeast Louisiana, including providing employment opportunities, helping clients with physical and emotional problems in order to help them get into the mainstream of community life, and operating a homeless shelter for the mentally ill. The Organization also carries out a janitorial program to help train clients for employment.

C. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. 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. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

E. Budget Policy:

Budgets for various programs are prepared by the Organization and approved by grantor of the funds for each respective program.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

NOTE 1 - Summary of Significant Accounting Policies (Continued)

F. Cash in Bank:

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation.

G. Related Party Transactions:

Monroe Area Guidance Center a/k/a Harmony House is the managing agent over Kilgore Complex, Inc. Monroe Area Guidance Center a/k/a Harmony House and Kilgore Complex, Inc. share several board members and employees. Management and bookkeeping fees earned from Kilgore Complex, Inc. during the year ended June 30, 2007 totaled \$3,996. At June 30, 2007 \$1,873 was due from Kilgore Complex, Inc. for reimbursement of operating expenses.

Monroe Area Guidance Center a/k/a Harmony House is the managing agent over Garrett Road Apartments, Inc. Monroe Area Guidance Center a/k/a Harmony House and Garrett Road Apartments, Inc. share several board members and employees. Management and bookkeeping fees earned from Garrett Road Apartments, Inc. during the year ended June 30, 2007 totaled \$3,565. At June 30, 2007 \$6,124 was due from Garrett Road Apartments, Inc. for reimbursement of operating expenses.

H. Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has no permanently restricted net assets at June 30, 2007.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

NOTE 1 - Summary of Significant Accounting Policies (Continued)

I. Property and Equipment:

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. 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. Buildings are depreciated using the straight-line method over the useful lives ranging between 27.5 years and 39 years. Equipment is depreciated using the declining balance method.

J. Allocation of Functional Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

K. Reserve for Bad Debts:

Accounts receivable have been reviewed by management and they have determined that there is no requirement for a reserve for bad debts account as of June 30, 2007. Accounts receivable are reviewed monthly for bad debts.

L. Advertising Costs:

Advertising costs for the year ended June 30, 2007 were immaterial. Advertising costs are expensed as incurred.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

NOTE 2 - Funding Policies and Sources of Funds

The Organization receives its monies through various methods of funding. Most of the funds are received on a grant basis from Louisiana Department of Health and Hospitals. The Organization also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method, including Medicaid funds. The Organization also receives funds by contributions from both public and private sources.

NOTE 3 - Unconditional Promises to Give

Grants

Grants at June 30, 2007 generally consist of reimbursements from the Department of Health and Hospitals for expenditures incurred under the grant program. Such receivables have been pledged to secure the short term loan.

United Way

United Way Services Funding is awarded on a fiscal year basis from July 1 to June 30 of each year. For the fiscal year ending June 30, 2007, \$61,000 was awarded to Monroe Area Guidance Center, of which \$61,000 is temporarily restricted.

NOTE 4 - Board of Directors' Compensation

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

NOTE 5 - In-Kind Contributions

The Organization received various in-kind contributions during the year from private and public sources. The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

NOTE 6 - Income Tax Status

The Organization, a non-profit corporation, is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code.

NOTE 7 - Changes in Fixed Assets

A summary of changes in fixed assets recorded at cost follows:

	Balance July 1, <u>2006</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2007</u>
Land	85,650	-	-	85,650
Harmony House Bldg.	660,000	-	-	660,000
Fairhaven Bldg.	297,715	-	-	297,715
Harmony House Improvements	179,049	-	-	179,049
Furniture & Equipment	<u>190,728</u>	-	-	<u>190,728</u>
 TOTAL	 <u>1,413,142</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>1,413,142</u>
 Accumulated Depreciation	 <u>520,790</u>	 <u>46,350</u>	 <u>-0-</u>	 <u>567,140</u>

The State of Louisiana maintains a revisionary right against \$66,536 on the furniture and equipment in the event the Organization wishes to dispose of assets or ceases operations.

NOTE 8 - Accrued Leave

As of June 30, 2007, accrued annual leave time was \$14,209. The Organization records leave as an expenditure in the year the leave is earned.

NOTE 9 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.



MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2007

NOTE 10 - Fair Values of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash and a note payable. The Organization estimates that the fair value of all financial instruments at June 30, 2007 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 11 - Audit Requirements

The Organization did not fall under the A-133 audit regulation which became effective for fiscal years beginning after July 1, 1996 due to federal funds expended being under \$500,000.

NOTE 12 - HUD Funding

The Organization was approved by the Department of Housing and Urban Development (HUD) for a grant for a Case Management Plus project. The total obligation by HUD for this grant will be \$80,210 to be disbursed in the next year on a cost-reimbursement basis beginning in the year ended July 31, 2006.

NOTE 13 - Cash Funds

All cash funds are in institutions insured up to \$100,000 by an agency of the federal government. At various times during the year the cash funds in these institutions exceeded \$100,000 and the excess of these funds was uninsured.

NOTE 15 - Uncertainty

In 2006, a truck was driven into the Fairhaven Shelter. The Organization has not decided whether to rebuild the shelter or sell the building as is. The Organization has received \$194,358 in insurance proceeds, which is reported as deferred revenue as no repairs have been made to the shelter and no decision has been made on what to do with the building.

SUPPLEMENTARY FINANCIAL INFORMATION

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Supportive Housing Program Case Management Plus 6/30/07 Program Year	14.181	<u>69,654</u>
<u>TOTAL FEDERAL ASSISTANCE</u>		<u>69,654</u>

See accountants' report.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007

GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Monroe Area Guidance Center a/k/a Harmony House (nonprofit organization). All financial assistance received directly or passed through from other government or nonprofit agencies is included on the schedule.

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Monroe Area Guidance Center a/k/a Harmony House and is presented on the accrual basis of accounting.

SUBRECIPTS

Monroe Area Guidance Center a/k/a Harmony House did not pass through any federal funds received by it.

See accountants' report.

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MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
COMPENSATION TO BOARD MEMBERS  
FOR THE YEAR ENDED JUNE 30, 2007

No compensation was paid to any board member during the year under audit.

See accountants' report.

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MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES - GRANTOR BASIS  
FOR THE YEAR ENDED JUNE 30, 2007

PROGRAM SERVICES

	<u>Community Support Program</u>	<u>Fairhaven Shelter</u>	<u>Supportive Living</u>	<u>Laundry Services</u>
<b>Support:</b>				
Grants and Contracts				
OMH	-	125,811	99,618	-
ESG	-	6,075	-	-
Dept of Transportation	39,631	-	-	-
HUD	-	-	-	-
LSUS/E.A. Conway	-	-	-	34,632
SOAR	16,010	-	-	-
Contributions				
United Way	39,883	20,564	-	-
Other	7,594	-	-	-
	<u>103,118</u>	<u>152,450</u>	<u>99,618</u>	<u>34,632</u>
<b>Revenue:</b>				
Client Fees - Room and Board	-	10,169	-	-
Miscellaneous	17,572	-	-	-
Management and Bookkeeping Fees	7,561	-	-	-
Interest Income	2,936	-	-	-
	<u>28,069</u>	<u>10,169</u>	<u>-0-</u>	<u>-0-</u>
<b><u>TOTAL SUPPORT AND REVENUE</u></b>	<b><u>131,187</u></b>	<b><u>162,619</u></b>	<b><u>99,618</u></b>	<b><u>34,632</u></b>
<b>Expenditures:</b>				
Personal Services	48,344	102,333	78,796	6,581
Related Benefits	18,273	10,869	6,633	925
Travel	1,774	2,617	5,000	2,161
Operating Services	-	66,810	6,372	20,388
Supplies	16,645	4,894	1,375	814
Professional Services	509	2,200	400	300
Capital Outlay	-	-	-	-
Administrative Costs	11,891	14,302	1,042	3,463
Miscellaneous	5,526	-	-	-
	<u>102,962</u>	<u>204,025</u>	<u>99,618</u>	<u>34,632</u>
<b><u>NET REVENUE (LOSS)</u></b>	<b><u>28,225</u></b>	<b><u>( 41,406)</u></b>	<b><u>-0-</u></b>	<b><u>-0-</u></b>

See accountants' report.

SCHEDULE III  
(CONTINUED)

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES - GRANTOR BASIS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2007

PROGRAM SERVICES (Continued)

	Harmony House <u>OMH</u>	Case Management <u>Plus</u>	Transportation <u>Services</u>
Support:			
Grants and Contracts			
OMH	66,958	-	43,585
ESG	-	-	-
Dept of Transportation	-	69,654	-
HUD	-	-	-
LSUS/E.A. Conway	-	-	-
SOAR	-	-	-
Contributions			
United Way	-	-	-
Other	-	-	-
<u>TOTAL SUPPORT</u>	<u>66,958</u>	<u>69,654</u>	<u>43,585</u>
Revenue:			
Client Fees - Room and Board	-	-	-
Miscellaneous	-	-	-
Management and Bookkeeping Fees	-	-	-
Interest Income	-	-	-
<u>TOTAL REVENUE</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>66,958</u>	<u>69,654</u>	<u>43,585</u>
Expenditures:			
Personal Services	32,155	55,466	21,676
Related Benefits	3,702	6,078	1,667
Travel	550	2,317	478
Operating Services	20,867	2,796	11,923
Supplies	6,694	2,997	1,398
Professional Services	500	-	-
Capital Outlay	-	-	-
Administrative Costs	2,490	-	6,443
Miscellaneous	-	-	-
<u>TOTAL EXPENDITURES</u>	<u>66,958</u>	<u>69,654</u>	<u>43,585</u>
<u>NET REVENUE (LOSS)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

See accountants' report.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I — SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- \* Material weakness(es) identified?                     yes     no
- \* Reportable condition(s) identified that  
are not considered to be material  
weaknesses?     yes     none reported
- Noncompliance material to financial  
statements noted?                                     yes     no

Federal Awards

Internal control over major programs:

- \* Material weakness(es) identified?                    Not Applicable
- \* Reportable condition(s) identified that  
are not considered to be material  
weaknesses?    Not Applicable

Type of auditors' report issued on compliance for major programs:  
Not Applicable

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133?                    Not Applicable

Identification of major programs:

None

Dollar threshold used to distinguish  
between type A and type B programs:                    \$300,000

Auditee qualified as low-risk auditee?                     yes     no



MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

07-1

Finding: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the organization's annual financial statements. This condition is intentional by management based upon the organization's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Criteria: Proper internal controls under SAS 112 require management to prepare the Organization's annual financial statements.

Effect: This finding has no effect on the financial statements.

Cause: It is not cost effective for the Organization to cure this control deficiency.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS  
(Continued)

07-1 (Continued)

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and, accordingly, do not believe any corrective action is necessary.

Reply: Management agrees with this finding.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS  
JUNE 30, 2007

There were no findings for the year ended June 30, 2006.