9561

MONROE AREA GUIDANCE CENTER

A/K/A HARMONY HOUSE

MONROE, LOUISIANA

FINANCIAL STATEMENTS

AND ADDITIONAL INFORMATION

FOR THE YEAR ENDED

JUNE 30, 2010

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

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
JUNE 30, 2010

CONTENTS

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- Accounting & Auditing
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- Bookkeeping & Payroll Services

November 22, 2010

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, 2010, 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.

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.

In our opinion, 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, 2010, 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 22, 2010 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, 2010 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, LLP

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November 22, 2010

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, 2010, and have issued our report thereon dated November 22, 2010. 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, listed as items 10-1,10-2, 10-3, 10-5, 10-6, 10-7, 10-8, and 10-9. 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.

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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 10-4.

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, LLP

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, 2010

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	198,533	
Accounts Receivable - Grants (Net)	147,403	
Accounts Receivable - Other	17,904	
Unconditional Promises to Give		
United Way Services Funding	45,551	
Prepaid Insurance	27,892	
TOTAL CURRENT ASSETS		437,283
PROPERTY AND EQUIPMENT		
Land	96,510	
Buildings	957,715	
Furniture and Equipment	274,161	
Improvements	179,049	
	1,507,435	
Less: Accumulated Depreciation	(726,502)	
NET PROPERTY AND EQUIPMENT		780,933
TOTAL ASSETS		1,218,216

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	40,085	
Accrued Leave	2,620	
Current Portion of Notes Payable	5,613	
TOTAL CURRENT LIABILITIES		48,318
LONG-TERM LIABILITIES		
Notes Payable	20,586	
TOTAL LONG-TERM LIABILITIES		20,586
NET ASSETS		
Unrestricted - Operations	322,828	
Unrestricted - Fixed Assets	780,933	
Temporarily Restricted	45,551	
TOTAL NET ASSETS		1,149,312
TOTAL LIABILITIES AND NET ASSETS		1,218,216

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, 2010

	Temporarily Restricted	Permanently Restricted	Unrestricted	Total
UNRESTRICTED NET ASSETS				
Support				
Grants and Contracts	-	-	1,084,818	1,084,818
Contributions	45,551	-	1,185	46,736
TOTAL UNRESTRICTED SUPPORT	45,551	-0-	1,086,003	1,131,554
Revenues				
Client Fees	-	–	10,572	10,572
Miscellaneous	-	-	791	791
Bingo (Net)	-	-	(7,665)	(7,665)
Management and Bookkeeping Fees	-	-	-	-0-
Gain or Loss on Asset Disposition	-	-	-	-0-
Interest Income	-	-	1,290	1,290
TOTAL UNRESTRICTED REVENUES	-0-	-0-	4,988	4,988
Net Assets Released from Restrictions				
United Way Services Funding	(50,760)	-0-	50,760	-0-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	(50,760)	-0-	50,760	-0-
TOTAL UNRESTRICTED SUPPORT, REVENUES AND RECLASSIFICATION	(5,209)	-0-	1,141,751	1,136,542
EXPENSES				
Program Services				
Community Support	-	-	199,365	199,365
Fairhaven Shelter	-	-	213,442	213,442
Supportive Living	-	-	103,948	103,948
Jackson House	-	-	357,969	357,969
Transportation	-	-	56,003	56,003
Harmony House	-	-	64,820	64,820
Case Management Plus	-	-	69,954	69,954
TOTAL PROGRAM SERVICES	-0-	-0-	1,065,501	1,065,501
Supporting Services				
Management and General	-	-	121,851	121,851
Fund Raising	-	-	-	-
TOTAL SUPPORTING SERVICES	-0-	-0-	121,851	121,851
TOTAL EXPENSES	-0-	-0-	1,187,352	1,187,352
INCREASE (DECREASE) IN NET ASSETS	(5,209)	-	(45,601)	(50,810)
NET ASSETS AT BEGINNING OF YEAR	50,760	-0-	1,149,362	1,200,122
NET ASSETS AT END OF YEAR	45,551	-0-	1,103,761	1,149,312

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, 2010

PROGRAM SERVICES

	Community Support Program	Fairhaven Support	Supportive Living	Jackson House
Personal Services	132,673	120,495	77,731	267,241
Related Benefits	60,731	17,073	5,933	6,503
Travel	204	684	5,760	1,511
Operating Services	2,003	52,810	3,103	53,101
Supplies	251	4,026	741	9,798
Professional Services	354	2,175	400	8,326
Bad Debts	-	-	-	-
Total Expenses Before Depreciation	196,216	197,263	93,668	346,480
Depreciation	3,149	16,179	10,280	11,489
TOTAL EXPENSES	199,365	213,442	103,948	357,969

	Transportation OMH	Harmony House OMH	Case Management Plus	General and Adminis-trative	TOTAL
Personal Services	27,741	30,442	54,062	43,147	753,532
Related Benefits	1,991	2,253	6,898	3,250	104,632
Travel	499	477	817	184	10,136
Operating Services	18,965	19,300	3,092	2,774	155,148
Supplies	600	5,498	5,085	874	26,873
Professional Services	600	500	-	648	13,003
Bad Debts	-	-	-	66,123	66,123
Total Expenses Before Depreciation	50,396	58,470	69,954	117,000	1,129,447
Depreciation	5,607	6,350	-	4,851	57,905
TOTAL EXPENSES	56,003	64,820	69,954	121,851	1,187,352

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, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in Net Assets	(50,810)
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided (Used) by Operating Activities	
Depreciation	57,905
(Increase) Decrease in:	
Operating Assets - Unconditional Promises to Give	5,209
Accounts Receivable - Grants	19,347
Accounts Receivable - Other	(17,904)
Accounts Receivable - Prepaid Insurance	(27,892)
Increase (Decrease) in Operating Liabilities -	
Accounts Payable	40,085
Accrued Leave	715
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	26,655
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Fixed Assets	(34,310)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(34,310)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Loans	26,585
Principal Payment on Debt	(386)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	26,199
NET INCREASE (DECREASE) IN CASH	18,544
BEGINNING CASH AND CASH EQUIVALENTS	179,989
ENDING CASH AND CASH EQUIVALENTS	198,533
SUPPLEMENTAL CASH BASIS DATA	
Interest Paid	115
Income Taxes Paid	-0-

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

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.

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. Notes Payable:

The Organization's long-term debt consists of a note payable to Iberia Bank in the original amount of $26,586, with interest at 3.39% amortized over five years. Land is pledged against the loan.

Future scheduled maturities of long-term debt are as follows:

Year Ended June 30	Total
2011	5,613
2012	5,089
2013	5,308
2014	5,489
2015	4,700

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, 2010.

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 over the useful lives ranging between 5 to 7 years. Improvements are depreciated using the straight-line method over 15 years.

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:

The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific receivables made. Management reviews accounts receivable monthly and charges off amounts deemed uncollectible. The amount of the allowance was $4,257 at the year ended June 30, 2010.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

L. Advertising Costs:

Advertising costs for the year ended June 30, 2010 were immaterial. Advertising costs are expensed as incurred.

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. The loss of these funds could have an adverse effect on the Organization.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE:

Grants

Grants at June 30, 2010 generally consist of reimbursements from the Department of Health and Hospitals for expenditures incurred under the grant program.

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, 2010, $45,551 was awarded to Monroe Area Guidance Center, of which $45,551 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.

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, 2009	Additions	Retirements	Balance June 30, 2010
Land	70,000	26,510	-	96,510
Harmony House Bldg.	660,000	-	-	660,000
Jackson/Fairhaven Bldg.	297,715	-	-	297,715
Harmony House Improvements	179,049	-	-	179,049
Furniture & Equipment	266,361	7,800	-	274,161
TOTAL	1,473,125	34,310	-0-	1,507,435
Accumulated Depreciation	668,597	57,905	-0-	726,502

The State of Louisiana maintains a revisionary right against $121,007 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, 2010, accrued annual leave time was $2,620. 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 Organization expects such amounts, if any, to be immaterial.

NOTE 10 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

The Organization's financial instruments, none of which are held for trading purposes, include cash. The Organization estimates that the fair value of all financial instruments at June 30, 2010 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 $83,815 to be disbursed in the next year on a cost-reimbursement basis beginning in the year ended July 31, 2010.

NOTE 13 - CASH FUNDS:

All cash funds are in institutions insured up to $250,000 by an agency of the federal government. At various times during the year the cash funds in these institutions exceeded $250,000 and the excess of these funds was uninsured.

NOTE 14 - CONTINGENCY:

A discrimination claim has been filed with the EEOC by several former employees of the Organization. The Organization intends to vigorously defend each claim. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims. Based on information currently available, the Organization believes that the eventual outcome of the actions against the Organization will not, individually or in the aggregate, have a material adverse effect on the Organization. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to the Organization's financial statements.

NOTE 15 - BINGO REVENUES:

The Organization participated in bingo games as a charitable beneficiary. The income and expense of these games are as follows:

Bingo Income	54,918
Less Cost of Direct Benefit to Participants	62,583
Net Profit	(7,665)

The Organization discontinued participation in bingo games in early 2010.

NOTE 16 - SIMPLE RETIREMENT PLAN:

The Organization has a SIMPLE IRA plan for its employees. The Organization matches the first 3% of all employee contributions. For the year ended June 30, 2010, the Organization's retirement plan expense was $2,228.

NOTE 17 - IMPAIRMENT OF LONG-LIVED ASSETS:

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized to date.

NOTE 18 - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through November 22, 2010 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

NOTE 19 - UNCERTAIN TAX POSITIONS:

The Organization is subject to examination by various taxing authorities. Management has reviewed the Organization's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain tax positions is not material to the financial statements.

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE I

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Supportive Housing Program		
Case Management Plus		
6/30/10 Program Year	14.181	73,773
TOTAL FEDERAL ASSISTANCE		73,773

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, 2010

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.

SCHEDULE II

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
COMPENSATION TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2010

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

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES - GRANTOR BASIS
FOR THE YEAR ENDED JUNE 30, 2010

PROGRAM SERVICES

	Community Support Program	Fairhaven Shelter	Supportive Living	Jackson House
Support:				
Grants and Contracts				
OMH	-	146,218	104,468	427,050
FEMA	-	9,127	-	-
HUD	-	-	-	-
City of Monroe	39,000	-		-
EDS	128,148	-		-
LSUS/E.A. Conway	34,127	-	-	-
Contributions				
United Way	29,000	16,551	-	-
Other	-	1,186	-	-
TOTAL SUPPORT	230,275	173,082	104,468	427,050
Revenue:				
Client Fees - Room and Board	-	10,572	-	-
Miscellaneous	791	-	-	-
Bingo Net	(8,925)	1,260	-	-
Management and Bookkeeping Fees	-	-	-	-
Gain or Loss on Asset Disposition	-	-	-	-
Interest Income	1,290	-	-	-
TOTAL REVENUE	(6,844)	11,832	-0-	-0-
TOTAL SUPPORT AND REVENUE	223,431	184,914	104,468	427,050
Expenditures:				
Personal Services	132,673	120,495	77,731	267,241
Related Benefits	60,731	17,073	5,933	6,503
Travel	204	684	5,760	1,511
Operating Services	2,003	52,810	3,103	53,101
Supplies	251	4,026	741	9,798
Professional Services	354	2,175	400	8,326
Capital Outlay	28,360	-	-	5,950
Administrative Costs	82,752	2,456	10,800	3,133
Miscellaneous	-	-	-	-
TOTAL EXPENDITURES	307,328	199,719	104,468	355,563
NET REVENUE (LOSS)	(83,897)	(14,805)	-0-	71,487

See accountants' report.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES - GRANTOR BASIS
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

PROGRAM SERVICES (Continued)

	Harmony House OMH	Case Management Plus	Transportation Services
Support:			
Grants and Contracts			
OMH	65,311	-	57,595
ESG	-	-	-
HUD	-	73,773	-
LSUS/E.A. Conway	-	-	-
Contributions			
United Way	-	-	-
Other	-	-	-
TOTAL SUPPORT	65,311	73,773	57,595
Revenue:			
Client Fees - Room and Board	-	-	-
Miscellaneous	-	-	-
Management and Bookkeeping Fees	-	-	-
Gain or Loss on Asset Disposition	-	-	-
Interest Income	-	-	-
TOTAL REVENUE	-0-	-0-	-0-
TOTAL SUPPORT AND REVENUE	65,311	73,773	57,595
Expenditures:			
Personal Services	30,442	54,062	27,741
Related Benefits	2,253	6,898	1,991
Travel	477	817	499
Operating Services	19,300	3,092	18,965
Supplies	5,498	5,085	600
Professional Services	500	-	600
Capital Outlay	-	-	-
Administrative Costs	6,841	3,819	7,199
Miscellaneous	-	-	-
TOTAL EXPENDITURES	65,311	73,773	57,595
NET REVENUE (LOSS)	-0-	-0-	-0-

See accountants' report.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION I - SUMMARY OF AUDITORS= RESULTS

Financial Statements

Type of auditors= report issued: Unqualified

Internal control over financial reporting:

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

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Internal Control

10-1

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.

Professional auditing standards require that we report the above condition as a control deficiency. The standards do 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 require management to prepare the Organization's annual financial statements.

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

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

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

Internal Control (Continued)

10-1 (Continued)

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying the 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. 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.

10-2

Finding: Payroll taxes are routinely paid late.

Criteria: Federal and state withholdings and employment taxes must be remitted as required by the Internal Revenue Service and the Department of Revenue.

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

Cause: Policies and procedures for paying payroll taxes are not followed.

Recommendation: We recommend management regularly monitor the payment of the 941 and state withholding payroll taxes to ensure payments are made timely.

Reply: Management agrees with this finding and will closely monitor the payment of all payroll taxes.

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

Internal Control (Continued)

10-3

Finding:	On a few occasions, SIMPLE IRA contributions withheld from employees were not remitted to the employee's account as required by law.
Criteria:	Retirement contributions withheld from employees are required to be remitted to the employee's account within thirty days.
Effect:	This finding has no material effect on the financial statements.
Cause:	There was an oversight by management in monitoring these payments.
Recommendation:	We recommend that management ensure that SIMPLE IRA contributions withheld from employees are remitted to the employee's account within thirty days.
Reply:	Management agrees with this finding and will have the accountant remit all SIMPLE IRA contributions withheld from employees to the employee's retirement account within thirty days.

10-5

Finding:	Bonuses paid to employees did not include the proper tax withholdings, nor were the bonuses reported on the Organization's payroll tax reports.
Criteria:	All earnings and bonuses are required to have payroll tax withholdings and should be included on the Organization's payroll tax reports.
Effect:	This finding has no material effect on the financial statements.

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

Internal Control (Continued)

10-5 (Continued)

Cause: There were no policies and procedures in place to ensure that bonuses paid to employees include proper tax withholdings and are reported on the company's payroll tax reports.

Recommendation: We recommend management develop policies and procedures to ensure that all future bonuses paid to employees include proper tax withholdings and will be reported on the company's payroll tax reports.

Reply: Management agrees with this finding and will develop policies and procedures to ensure that all future bonuses paid to employees include proper tax withholdings and will be reported on the company's payroll tax reports.

10-6

Finding: Reports for the Case Management Plus grant were not submitted timely or correctly, resulting in the Organization not receiving its funding for the grant.

Criteria: The Case Management Plus program requires certain reports to be filed by a required date to monitor the program.

Effect: The financial statements include $66,123 charged to bad debts for grant money the Organization most likely will not receive.

Cause: The reports required for the Case Management Plus grant were not submitted accurately or timely.

Recommendation: We recommend that management develop policies and procedures to ensure the Case Management Plus reports are complete, accurate, and submitted timely.

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

Internal Control (Continued)

10-6 (Continued)

Reply:	Management agrees with this finding and will develop policies and procedures to ensure the Case Managemetn Plus reports are complete, accurate, and submitted timely.

10-7

Finding:	Eleven of one hundred nine time sheets reviewed were not approved by a supervisor or were missing.
Criteria:	All time sheets should be approved by a supervisor before being turned in to the accounting department.
Effect:	This finding has no material effect on the financial statements.
Cause:	Policies and procedures for time sheets were not followed.
Recommendation:	We recommend management require all time sheets be approved by a supervisor before paychecks are written.
Reply:	Management agrees with this finding and will require all time sheets to be approved by a supervisor before paychecks are written.

10-8

Finding:	Two of twenty-five checks reviewed did not contain the proper supporting documentation.
Criteria:	All checks written should be accompanied by proper supporting documentation.

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

Internal Control (Continued)

10-8 (Continued)

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

Cause: Some invoices were lost or misplaced.

Recommendation: We recommend management require supporting documentation for all checks written. The documentation should be retained in the Organization's paid bills files.

Reply: Management agrees with this finding and will require supporting documentation for all checks written.

10-9

Finding: There were several bank reconciliations for the operating account that did not tie back to the general ledger.

Criteria: The register balance on the bank reconciliations should be the same balance on the Organization's general ledger.

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

Cause: There are errors on the bank reconciliations.

Recommendation: We recommend management monitor the bank reconciliations to ensure they are free from error and agree to the cash balance on the general ledger. We also recommend the treasurer review and approve the monthly bank reconciliations, and initial and date them when they are reviewed.

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

Internal Control (Continued)

10-9 (Continued)

Reply: Management agrees with the finding and will monitor the bank reconciliations closely to ensure they are free from errors and will agree to the cash balance on the general ledger. In addition, the treasurer will review and approve the monthly bank reconciliations.

Compliance

10-4

Finding: Recent additions to the Organization's state asset listing are not tagged for identification.

Criteria: The Organization should tag all items purchased with state funds that are listed in the state asset listing.

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

Cause: There was a change in personnel overseeing records.

Recommendation: We recommend the Organization tag all recent purchases listed on the state asset listing and include the tag identification numbers on the list.

Reply: Management agrees with this finding and will tag the recent purchases listed on the state asset list and include the tag identification numbers on the list.

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, 2010

Internal Control

09-1

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.

Status: Uncleared. It is not cost effective to cure this finding.

09-2

Finding: Accounting records are not organized or filed in a manner that makes them easily accessible for review.

Status: Cleared.

09-3

Finding: SIMPLE IRA contributions withheld from employees are not remitted to the employee's account as required by law.

Status: Uncleared.

Compliance

09-4

Finding: The Organization has not updated its state asset listing, which contains capital assets purchased with state funds in which the State of Louisiana maintains a revisionary right.

Status: Cleared.