

MONROE AREA GUIDANCE CENTER

A/K/A HARMONY HOUSE

MONROE, LOUISIANA

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FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED

JUNE 30, 2013

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MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
JUNE 30, 2013

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"The CPA. Never Underestimate The Value."

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- Accounting & Auditing
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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Monroe Area Guidance Center a/k/a Harmony House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Area Guidance Center a/k/a Harmony House as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Grantor Basis Schedule of Functional Revenues and Expenses on pages 16-17 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2014, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe Area Guidance Center a/k/a Harmony House's internal control over financial reporting and compliance.

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

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

March 30, 2014

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2013

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	250
Accounts Receivable - Contracts (Net)	107,423
Accounts Receivable - Other	-
Prepaid Insurance	<u>15,568</u>

TOTAL CURRENT ASSETS 123,241

OTHER ASSETS

Certificate of Deposit	<u>16,192</u>
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TOTAL OTHER ASSETS 16,192

PROPERTY AND EQUIPMENT

Land	96,510
Buildings	957,715
Furniture and Equipment	324,350
Improvements	<u>179,049</u>
	1,557,624

Less: Accumulated Depreciation ( 921,354)

NET PROPERTY AND EQUIPMENT 636,270

TOTAL ASSETS 775,703

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

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
STATEMENT OF FINANCIAL POSITION (CONTINUED)  
JUNE 30, 2013

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Bank Overdraft	8,189
Accounts Payable and Accrued Expenses	25,761
Accrued Leave	11,322
Current Portion of Notes Payable	<u>25,583</u>

TOTAL CURRENT LIABILITIES 70,855

LONG-TERM LIABILITIES

Notes Payable	<u>-</u>
---------------	----------

TOTAL LONG-TERM LIABILITIES -0-

NET ASSETS

Unrestricted - Operations	68,578
Unrestricted - Fixed Assets	636,270
Temporarily Restricted	<u>-</u>

TOTAL NET ASSETS 704,848

TOTAL LIABILITIES AND NET ASSETS 775,703

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, 2013

	Temporarily Restricted	Permanently Restricted	Unrestricted	Total
<u>UNRESTRICTED NET ASSETS</u>				
Support				
Grants and Contracts	-	-	854,655	854,655
Contributions	-	-	2,761	2,761
<u>TOTAL UNRESTRICTED SUPPORT</u>	<u>-0-</u>	<u>-0-</u>	<u>857,416</u>	<u>857,416</u>
Revenues				
Client Fees	-	-	175	175
Miscellaneous	-	-	16,943	16,943
Bad Debt Recovery	-	-	-	-0-
Other Program Fees	-	-	8,339	8,339
Gain or Loss on Asset Disposition	-	-	-	-0-
Interest Income	-	-	191	191
<u>TOTAL UNRESTRICTED REVENUES</u>	<u>-0-</u>	<u>-0-</u>	<u>25,648</u>	<u>25,648</u>
<u>TOTAL UNRESTRICTED SUPPORT, REVENUES AND RECLASSIFICATION</u>	<u>-0-</u>	<u>-0-</u>	<u>883,064</u>	<u>883,064</u>
<u>EXPENSES</u>				
Program Services				
Community Support	-	-	200,664	200,664
Fairhaven Shelter	-	-	158,129	158,129
Jackson House	-	-	326,999	326,999
Transportation	-	-	79,153	79,153
Harmony House	-	-	76,251	76,251
<u>TOTAL PROGRAM SERVICES</u>	<u>-0-</u>	<u>-0-</u>	<u>841,196</u>	<u>841,196</u>
Supporting Services				
Management and General	-	-	135,765	135,765
Fund Raising	-	-	-	-0-
<u>TOTAL SUPPORTING SERVICES</u>	<u>-0-</u>	<u>-0-</u>	<u>135,765</u>	<u>135,765</u>
<u>TOTAL EXPENSES</u>	<u>-0-</u>	<u>-0-</u>	<u>976,961</u>	<u>976,961</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	<u>-</u>	<u>-</u>	<u>( 93,897)</u>	<u>( 93,897)</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	16,000	-0-	782,745	798,745
Reclassifications	(16,000)	-	16,000	-0-
<u>NET ASSETS AT END OF YEAR</u>	<u>-0-</u>	<u>-0-</u>	<u>704,848</u>	<u>704,848</u>

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, 2013

PROGRAM SERVICES

	Community Support Program	Fairhaven Support	Jackson House
Personal Services	127,013	114,210	264,244
Related Benefits	18,792	9,460	21,889
Travel	4,548	-	9
Operating Services	18,426	15,370	20,065
Supplies	3,945	1,318	3,675
Professional Services	10,472	1,630	1,502
Bad Debts	-	-	-
Miscellaneous	843	-	1,754
<u>Total Expenses Before Depreciation</u>	184,039	141,988	313,138
Depreciation	16,625	16,141	13,861
<u>TOTAL EXPENSES</u>	<u>200,664</u>	<u>158,129</u>	<u>326,999</u>

	Transportation OMH	Harmony House OMH	General and Adminis- trative	TOTAL
Personal Services	28,560	35,466	54,396	623,889
Related Benefits	4,642	5,864	20,274	80,921
Travel	-	-	437	4,994
Operating Services	32,402	19,300	46,468	152,031
Supplies	1,199	7,000	3,324	20,461
Professional Services	5,196	1,729	1,889	22,418
Bad Debts	-	-	-	-
Miscellaneous	-	-	804	3,401
<u>Total Expenses Before Depreciation</u>	71,999	69,359	127,592	908,115
Depreciation	7,154	6,892	8,173	68,846
<u>TOTAL EXPENSES</u>	<u>79,153</u>	<u>76,251</u>	<u>135,765</u>	<u>976,961</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets	(93,897)
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided (Used) by Operating Activities	
Depreciation	68,846
(Increase) Decrease in:	
Accounts Receivable - Contract	( 5,569)
Accounts Receivable - Other	-
Prepaid Insurance	7,524
Increase (Decrease) in Operating Liabilities -	
Bank Overdraft	8,189
Accounts Payable	(16,725)
Accrued Leave	( 2,202)
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(33,834)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	-
Certificate of Deposit	(16,192)
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	<u>(16,192)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal Payment on Debt	( 5,168)
Proceeds from Loan	14,751
<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>	<u>9,583</u>

NET INCREASE (DECREASE) IN CASH (40,443)

BEGINNING CASH AND CASH EQUIVALENTS 40,693

ENDING CASH AND CASH EQUIVALENTS 250

SUPPLEMENTAL CASH BASIS DATA

Interest Paid	1,522
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, 2013

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, 2013

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 line of credit payable to Community Trust Bank in the original amount of \$35,125, with interest at 5%. The balance of the line of credit at June 30, 2013 is \$25,583.

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

<u>Year Ended June 30</u>	<u>Total</u>
2014	25,583
2015	-0-
2016	-0-
2017	-0-
2018	-0-

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.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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 \$-0- at the year ended June 30, 2013.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

L. Advertising Costs:

Advertising costs for the year ended June 30, 2013 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 - CONTRACTS RECEIVABLE:

Contracts at June 30, 2013 generally consist of reimbursements from the Department of Health and Hospitals for expenditures incurred under the grant program.

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 - NON-CASH CONTRIBUTIONS:

The Organization received various non-cash 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, and such contributions do not meet the criteria for recognition as contributions.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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, 2012	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2013
Land	96,510	-	-	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	324,350	-	-	324,350
TOTAL	<u>1,557,624</u>	<u>-0-</u>	<u>-0-</u>	<u>1,557,624</u>
Accumulated Depreciation	<u>852,508</u>	<u>68,846</u>	<u>-0-</u>	<u>921,354</u>

The State of Louisiana maintains a revisionary right against \$136,696 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, 2013, accrued annual leave time was \$11,322. 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.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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, 2013 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 - 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 13 - 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 14 - 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



MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

NOTE 14 - SUBSEQUENT EVENTS: (Continued)

the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through March 30, 2014, the date the report was available for issue, 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 15 - UNCERTAIN TAX POSITIONS:

The Organization is subject to examination by various taxing authorities, including federal income tax examinations. 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. The tax returns for the years 2012, 2011, 2010, and 2009 are open for examination by various taxing authorities

SUPPLEMENTARY FINANCIAL INFORMATION

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
GRANTOR BASIS SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013

PROGRAM SERVICES

	Community Support <u>Program</u>	Fairhaven <u>Shelter</u>	Jackson <u>House</u>
<b>Support:</b>			
Grants and Contracts			
OMH	-	166,871	405,340
DOTD Janitorial	50,940	-	-
LA Workforce Janitorial	11,142	-	-
Columbia Mental Health Center	14,310	-	-
City of Monroe	1,860	-	-
OBH	11,469	-	-
LSUS/E.A. Conway	37,229	-	-
Contributions			
Other	<u>2,761</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT</u>	<u>129,711</u>	<u>166,871</u>	<u>405,340</u>
<b>Revenue:</b>			
Client Fees - Room and Board	-	175	-
Miscellaneous	16,943	-	-
Bad Debt Recovery	-	-	-
Other Program Fees	8,339	-	-
Gain or Loss on Asset Disposition	-	-	-
Interest Income	<u>191</u>	<u>-</u>	<u>-</u>
<u>TOTAL REVENUE</u>	<u>25,473</u>	<u>175</u>	<u>-0-</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>155,184</u>	<u>167,046</u>	<u>405,340</u>
<b>Expenditures:</b>			
Personal Services	127,013	114,210	264,244
Related Benefits	18,792	9,460	21,889
Travel	4,548	-	9
Operating Services	18,426	15,370	20,065
Supplies	3,945	1,318	3,675
Professional Services	10,472	6,630	1,502
Capital Outlay	-	-	-
Administrative Costs	90,473	6,722	16,261
Miscellaneous	<u>843</u>	<u>-</u>	<u>1,754</u>
<u>TOTAL EXPENDITURES</u>	<u>274,512</u>	<u>148,710</u>	<u>329,399</u>
<u>NET REVENUE (LOSS)</u>	<u>(119,328)</u>	<u>18,336</u>	<u>75,941</u>

See accountants' report.

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

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES - GRANTOR BASIS  
(CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013

PROGRAM SERVICES (Continued)

	Harmony House <u>OMH</u>	Transportation <u>Services</u>
Support:		
Grants and Contracts		
OMH	76,295	79,199
DOTD Janitorial	-	-
LA Workforce Janitorial	-	-
Columbia Mental Health Center	-	-
City of Monroe	-	-
OBH	-	-
LSUS/E.A. Conway	-	-
Contributions		
Other	-	-
	<u>76,295</u>	<u>79,199</u>
<u>TOTAL SUPPORT</u>	<u>76,295</u>	<u>79,199</u>
Revenue:		
Client Fees - Room and Board	-	-
Miscellaneous	-	-
Bad Debt Recovery	-	-
Other Program Fees	-	-
Gain or Loss on Asset Disposition	-	-
Interest Income	-	-
	<u>-0-</u>	<u>-0-</u>
<u>TOTAL REVENUE</u>	<u>-0-</u>	<u>-0-</u>
	<u>76,295</u>	<u>79,199</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>76,295</u>	<u>79,199</u>
Expenditures:		
Personal Services	35,466	28,560
Related Benefits	5,864	4,642
Travel	-	-
Operating Services	19,300	32,402
Supplies	7,000	1,199
Professional Services	1,729	5,196
Capital Outlay	-	-
Administrative Costs	6,936	7,200
Miscellaneous	-	-
	<u>76,295</u>	<u>79,199</u>
<u>TOTAL EXPENDITURES</u>	<u>76,295</u>	<u>79,199</u>
<u>NET REVENUE (LOSS)</u>	<u>-0-</u>	<u>-0-</u>

See accountants' report.

COMPLIANCE REPORTS

# JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.

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**Certified Public Accountants**

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## 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 Board of Directors  
Monroe Area Guidance Center  
a/k/a Harmony House  
Monroe, 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 Monroe Area Guidance Center a/k/a Harmony House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Monroe Area Guidance Center a/k/a Harmony House's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Area Guidance Center a/k/a Harmony House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies and are listed as items 13-1 and 13-2.

#### **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 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 13-3 and 13-4.

#### **Monroe Area Guidance Center a/k/a Harmony House's Response to Findings**

Monroe Area Guidance Center a/k/a Harmony House's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Monroe Area Guidance Center a/k/a Harmony House's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the

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

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

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
Monroe, Louisiana  
March 30, 2014



MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

Internal Control

13-1

Finding: Eight of the 133 employee timesheets reviewed were not signed by a supervisor.

Criteria: Timesheets should be signed by the employee and approved by the supervisor or Executive Director.

Effect: Employees could receive pay for an incorrect number of hours worked.

Cause: Insufficient policies and procedures for approving timesheets.

Recommendation: We recommend management require the person in charge of approving timesheets to closely review each timesheet and initial it when approved.

Reply: Management agrees with this finding and will require the person in charge of approving timesheets to closely review each timesheet and initial it when approved.

13-2

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.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013

Internal Control (Continued)

13-2 (Continued)

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.

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

13-3

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.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2013

Compliance (Continued)

13-4

**Finding:** The Organization's annual financial statements and accompanying independent auditors' report for the year ended June 30, 2013, were not submitted to the Legislative Auditor by December 31, 2013.

**Criteria:** In accordance with state statute, the Organization's annual financial statements and accompanying independent auditors' report are required to be submitted to the Legislative Auditor on or before December 31 of each year.

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

**Cause:** The Organization did not engage an independent auditor in a timely manner.

**Recommendation:** We recommend the Organization engage an independent auditor before the Organization's fiscal year end.

**Reply:** Management agrees with this finding and, in future years, will engage an independent auditor before the fiscal year end.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS  
JUNE 30, 2013

Internal Control

12-1

Finding: Eleven timesheets reviewed were not approved by a supervisor or were missing.

Status: Uncleared.

12-2

Finding: SIMPLE IRA contributions withheld from employees were not remitted timely as required by law.

Status: Cleared.

12-3

Finding: Pre-tax deductions were not being reported properly on payroll reports.

Status: Cleared.

12-4

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

Status: Uncleared.

12-5

Finding: Invoices paid by online bill pay were not marked as approved.

Status: Cleared.

MONROE AREA GUIDANCE CENTER  
A/K/A HARMONY HOUSE  
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS (CONTINUED)  
JUNE 30, 2013

Internal Control (Continued)

12-8

Finding: Supporting documentation was missing for accounts payable and for contract reimbursement.

Status: Cleared.

12-9

Finding: There were unsupported journal entries in the general ledger.

Status: Cleared.

Compliance

12-6

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

Status: Uncleared.

12-7

Finding: The annual financial statements were submitted late.

Status: Uncleared.