MONROE AREA GUIDANCE CENTER

A/K/A HARMONY HOUSE

MONROE, LOUISIANA

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED

JUNE 30, 2014

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

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
JUNE 30, 2014

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- Bookkeeping & Payroll Services

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, 2014, 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, 2014, 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 17-18 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 October 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
October 30, 2014

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	250	
Accounts Receivable - Contracts (Net)	114,811	
Accounts Receivable - Other	-	
Prepaid Insurance	15,350	
TOTAL CURRENT ASSETS		130,411
OTHER ASSETS		
Certificate of Deposit	16,386	
TOTAL OTHER ASSETS		16,386
PROPERTY AND EQUIPMENT		
Land	96,510	
Buildings	957,715	
Furniture and Equipment	324,350	
Improvements	179,049	
	1,557,624	
Less: Accumulated Depreciation	(973,392)	
NET PROPERTY AND EQUIPMENT		584,232
TOTAL ASSETS		731,029

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, 2014

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Bank Overdraft	10,002	
Accounts Payable and Accrued Expenses	17,803	
Accrued Leave	16,905	
Current Portion of Notes Payable	579	
TOTAL CURRENT LIABILITIES		45,289
LONG-TERM LIABILITIES		
Notes Payable	-	
TOTAL LONG-TERM LIABILITIES		-0-
TOTAL LIABILITIES		45,289
NET ASSETS		
Unrestricted - Operations	101,508	
Unrestricted - Fixed Assets	584,232	
Temporarily Restricted	-	
TOTAL NET ASSETS		685,740
TOTAL LIABILITIES AND NET ASSETS		731,029

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, 2014

	Temporarily Restricted	Permanently Restricted	Unrestricted	Total
UNRESTRICTED NET ASSETS				
Support				
Grants and Contracts	-	-	880,669	880,669
Contributions	-	-	563	563
TOTAL UNRESTRICTED SUPPORT	-0-	-0-	881,232	881,232
Revenues				
Client Fees	-	-	-	-
Miscellaneous	-	-	5,959	5,959
Bad Debt Recovery	-	-	-	-0-
Other Program Fees	-	-	12,882	12,882
Gain or Loss on Asset Disposition	-	-	-	-0-
Interest Income	-	-	194	194
TOTAL UNRESTRICTED REVENUES	-0-	-0-	19,035	19,035
TOTAL UNRESTRICTED SUPPORT, REVENUES AND RECLASSIFICATION	-0-	-0-	900,267	900,267
EXPENSES				
Program Services				
Community Support	-	-	241,124	241,124
Fairhaven Shelter	-	-	145,495	145,495
Jackson House	-	-	304,053	304,053
Transportation	-	-	78,435	78,435
Harmony House	-	-	75,557	75,557
TOTAL PROGRAM SERVICES	-0-	-0-	844,664	844,664
Supporting Services				
Management and General	-	-	74,711	74,711
Fund Raising	-	-	-	-0-
TOTAL SUPPORTING SERVICES	-0-	-0-	74,711	74,711
TOTAL EXPENSES	-0-	-0-	919,375	919,375
INCREASE (DECREASE) IN NET ASSETS	-	-	(19,108)	(19,108)
NET ASSETS AT BEGINNING OF YEAR	-0-	-0-	704,848	704,848
Reclassifications	-	-	-0-	-0-
NET ASSETS AT END OF YEAR	-0-	-0-	685,740	685,740

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, 2014

PROGRAM SERVICES

	Community Support Program	Fairhaven Support	Jackson House
Personal Services	145,432	95,473	229,807
Related Benefits	22,833	9,791	31,337
Travel	4,495	492	1,448
Operating Services	30,142	24,578	32,300
Supplies	17,772	386	3,932
Professional Services	844	571	614
Bad Debts	-	-	-
Miscellaneous	1,488	177	287
Total Expenses Before Depreciation	223,006	131,468	299,725
Depreciation	18,118	14,027	4,328
TOTAL EXPENSES	241,124	145,495	304,053

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

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

PROGRAM SERVICES (CONTINUED)

	Transportation OMH	Harmony House OMH	General and Administrative	TOTAL
Personal Services	29,008	35,466	59,465	594,651
Related Benefits	2,131	5,864	7,995	79,951
Travel	-	-	131	6,566
Operating Services	33,465	19,300	2,897	142,682
Supplies	1,200	7,000	618	30,908
Professional Services	6,196	1,729	633	10,587
Bad Debts	-	-	-	-
Miscellaneous	-	-	40	1,992
Total Expenses Before Depreciation	72,000	69,359	71,779	867,337
Depreciation	6,435	6,198	2,932	52,038
TOTAL EXPENSES	78,435	75,557	74,711	919,375

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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in Net Assets	(19,108)
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided (Used) by Operating Activities	
Depreciation	52,038
(Increase) Decrease in:	
Accounts Receivable - Contract	(7,388)
Accounts Receivable - Other	-
Prepaid Insurance	218
Increase (Decrease) in Operating Liabilities -	
Bank Overdraft	1,813
Accounts Payable	(7,958)
Accrued Leave	5,583
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	25,198
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Fixed Assets	-
Certificate of Deposit	(194)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(194)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payment on Debt	(25,004)
Proceeds from Loan	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(25,004)
NET INCREASE (DECREASE) IN CASH	-0-
BEGINNING CASH AND CASH EQUIVALENTS	250
ENDING CASH AND CASH EQUIVALENTS	250
SUPPLEMENTAL CASH BASIS DATA	
Interest Paid	392
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 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, 2014 is $579.

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

Year Ended June 30	Total
2014	579
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.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

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, 2014.

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

L. Advertising Costs:

Advertising costs for the year ended June 30, 2014 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, 2014 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.

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, 2013	Additions	Retirements	Balance June 30, 2014
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	1,557,624	-0-	-0-	1,557,624
Accumulated Depreciation	921,354	52,038	-0-	973,392

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, 2014, 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.

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, 2014 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

NOTE 14 - SUBSEQUENT EVENTS: (Continued)

the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through October 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 2013, 2012, 2011, and 2010 are open for examination by various taxing authorities.

SUPPLEMENTARY FINANCIAL INFORMATION

SCHEDULE I

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
GRANTOR BASIS SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

PROGRAM SERVICES

	Community Support Program	Fairhaven Shelter	Jackson House
Support:			
Grants and Contracts			
OMH	-	180,429	418,210
DOTD Janitorial	50,941	-	-
LA Workforce Janitorial	11,142	-	-
Columbia Mental Health Center	13,210	-	-
City of Monroe	-	-	-
OBH	14,013	-	-
LSUS/E.A. Conway	37,229	-	-
Contributions			
Other	563	-	-
TOTAL SUPPORT	127,098	180,429	418,210
Revenue:			
Client Fees - Room and Board	-	-	-
Miscellaneous	5,959	-	-
Bad Debt Recovery	-	-	-
Other Program Fees	12,882	-	-
Gain or Loss on Asset Disposition	-	-	-
Interest Income	194	-	-
TOTAL REVENUE	19,035	-0-	-0-
TOTAL SUPPORT AND REVENUE	146,133	180,429	418,210
Expenditures:			
Personal Services	145,432	95,473	229,807
Related Benefits	22,833	9,791	31,337
Travel	4,495	492	1,448
Operating Services	30,142	24,578	32,300
Supplies	17,772	386	3,932
Professional Services	844	571	614
Capital Outlay	-	-	-
Administrative Costs	36,084	6,573	14,986
Miscellaneous	1,488	177	287
TOTAL EXPENDITURES	259,090	138,041	314,711
NET REVENUE (LOSS)	(112,957)	42,388	103,499

See accountants' report.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
GRANTOR BASIS SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

PROGRAM SERVICES (Continued)

	Harmony House OMH	Transportation Services
Support:		
Grants and Contracts		
OMH	76,295	79,200
DOTD Janitorial	-	-
LA Workforce Janitorial	-	-
Columbia Mental Health Center	-	-
City of Monroe	-	-
OBH	-	-
LSUS/E.A. Conway	-	-
Contributions		
Other	-	-
TOTAL SUPPORT	76,295	79,200
Revenue:		
Client Fees - Room and Board	-	-
Miscellaneous	-	-
Bad Debt Recovery	-	-
Other Program Fees	-	-
Gain or Loss on Asset Disposition	-	-
Interest Income	-	-
TOTAL REVENUE	-0-	-0-
TOTAL SUPPORT AND REVENUE	76,295	79,200
Expenditures:		
Personal Services	35,466	29,008
Related Benefits	5,864	2,131
Travel	-	-
Operating Services	19,300	33,465
Supplies	7,000	1,200
Professional Services	1,729	6,196
Capital Outlay	-	-
Administrative Costs	6,936	7,200
Miscellaneous	-	-
TOTAL EXPENDITURES	76,295	79,200
NET REVENUE (LOSS)	-0-	-0-

See accountants' report.

COMPLIANCE REPORTS

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

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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, 2014, 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 October 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 a significant deficiency and is listed as item 14-1.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 14-2.

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
October 30, 2014

Internal Control

14-1

Finding:	The bank reconciliation for the operating account did not tie back to the general ledger and shows an overdraft.
Criteria:	The register balance on the bank reconciliations should be the same balance on the Organization's general ledger and the account should not be overdrawn.
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 not overdrawn, 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

14-2

Finding:	Several assets on 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.

Compliance (Continued)

14-2

Effect:	This finding has no material effect on the financial statements.
Cause:	These assets are not in use and the Organization has not yet obtained approval to return or dispose of the assets.
Recommendation:	We recommend the Organization tag all items listed on the state asset listing and include the tag identification numbers on the list, or obtain approval to return or dispose of these assets.
Reply:	Management agrees with this finding and will tag all items listed on the state asset list and include the tag identification numbers on the list, or obtain approval from the state to return or dispose of these assets.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
JUNE 30, 2014

Internal Control

13-1

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

Status: Cleared.

13-2

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

Status: Uncleared.

Compliance

13-3

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

Status: Uncleared.

13-4

Finding: The annual financial statements were submitted late.

Status: Cleared.