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RESPONSIBILITY HOUSE

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2001

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

Release Date 1-16-02

**CASCIO, DAVIS & SCHMIDT, LLP
Certified Public Accountants**

RESPONSIBILITY HOUSE

TABLE OF CONTENTS

	PAGE
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
SUPPLEMENTAL INFORMATION	
Combined Statement of Activities	11 - 13
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	14 - 15
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	16

CD&S

CASCIO, DAVIS & SCHMIDT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Responsibility House

We have audited the accompanying statement of financial position of Responsibility House (a nonprofit corporation) as of June 30, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 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 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 Responsibility House as of June 30, 2001, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with Government Auditing Standards, we have also issued a report dated December 19, 2001, on our consideration of Responsibility House's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying combined statement of activities is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Cassio, Davis + Schmidt, LLP.

Metairie, Louisiana
December 19, 2001

RESPONSIBILITY HOUSE
STATEMENT OF FINANCIAL POSITION

June 30, 2001

ASSETS

CURRENT ASSETS		
Cash	\$ 20,520	
Grants receivable (Note B)	50,700	
Prepaid expenses	<u>6,405</u>	
Total current assets		77,625
PROPERTY AND EQUIPMENT (Notes A and C)		
Automotive equipment	66,396	
Furniture, equipment and appliances	66,179	
Leasehold improvements	<u>1,442</u>	
	134,017	
Less accumulated depreciation	<u>47,263</u>	86,754
OTHER ASSETS		
Deposits	<u>1,540</u>	<u>1,540</u>
Total assets		\$ <u>165,919</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable		\$ 382
Current maturities of long-term obligations		<u>4,855</u>
Total current liabilities		5,237
LONG-TERM OBLIGATIONS, less current maturities (Note C)		
		<u>10,453</u>
Total liabilities		15,690
NET ASSETS (Note A)		
Unrestricted	130,902	
Temporarily restricted	<u>19,327</u>	
Total Net Assets		<u>150,229</u>
Total liabilities and net assets		\$ <u>165,919</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2001

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES			
Grants	\$ -	\$ 485,657	\$ 485,657
Client service fees	36,625	-	36,625
Other	16,981	-	16,981
Net assets released from restriction	<u>557,375</u>	<u>(557,375)</u>	<u>-</u>
Total Revenues	<u>610,981</u>	<u>(71,718)</u>	<u>539,263</u>
EXPENSES			
Personal services	269,463	-	269,463
Related benefits	30,776	-	30,776
Travel	6,437	-	6,437
Operating services	170,631	-	170,631
Supplies	31,398	-	31,398
Professional services	20,311	-	20,311
Other	1,944	-	1,944
Depreciation	<u>18,459</u>	<u>-</u>	<u>18,459</u>
Total Expenses	<u>549,419</u>	<u>-</u>	<u>549,419</u>
INCREASE (DECREASE) IN NET ASSETS	61,562	(71,718)	(10,156)
NET ASSETS, BEGINNING OF YEAR	<u>69,340</u>	<u>91,045</u>	<u>160,385</u>
NET ASSETS, END OF YEAR	\$ <u>130,902</u>	\$ <u>19,327</u>	\$ <u>150,229</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue	\$ 476,890	
Client service fees	36,625	
Other	<u>16,981</u>	
	530,496	
Payments to employees and suppliers	(535,081)	
Interest expense	<u>(674)</u>	
NET CASH USED BY OPERATING ACTIVITIES		\$ (5,259)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(63,676)</u>	
NET CASH USED IN INVESTING ACTIVITIES		(63,676)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on vehicle loan	<u>(7,814)</u>	
NET CASH USED BY FINANCING ACTIVITIES		(7,814)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(76,749)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>97,269</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		\$ <u>20,520</u>
RECONCILIATION OF DECREASE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Decrease in net assets		\$ (10,156)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	\$ 18,459	
(Increase) Decrease in operating assets:		
Grants receivable	(8,767)	
Prepaid expenses	1,421	
Deposits	(540)	
(Decrease) - Accounts payable	<u>(5,676)</u>	
Total adjustments		<u>4,897</u>
NET CASH USED BY OPERATING ACTIVITIES		\$ (5,259)

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follow.

1. Nature of Activities

Responsibility House is a private, non-profit corporation. Responsibility House operates a halfway house and three quarterway house program, a supportive housing program, and a social detoxification program. The accompanying financial statements present all programs operated by Responsibility House during the year ended June 30, 2001.

2. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

The Corporation's financial statements are presented in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support, depending on the existence or nature of any donor restrictions. The financial statements are also in accordance with SFAS 117, Financial Statements of Not-for-Profit Organizations. Under SFAS 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Corporation does not have any permanently restricted net assets.

3. 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.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Property and Equipment

Property and equipment acquired by Responsibility House are considered to be owned by Responsibility House. However, State and Federal funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State and Federal governments have a reversionary interest in those assets purchased with its funds which have a cost of \$250 or more.

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.

Responsibility House follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$250. Depreciation is computed using the straight-line basis over the useful lives of the assets, generally as follows:

Automotive equipment	4	years
Furniture, equipment and appliances	5 - 7	years
Leasehold improvements	51	months

Depreciation amounted to \$18,459 for the year ended June 30, 2001.

5. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

6. Revenue Recognition

Grant revenue is recognized as it is earned in accordance with approved contracts. All other revenues are recognized as received.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

7. Fair Values of Financial Instruments

The carrying amounts of cash and cash equivalents reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

8. Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

NOTE B - GRANTS RECEIVABLE AND REVENUE

Grants receivable and grant revenue at June 30, 2001, are as follows:

	<u>Grants receivable</u>	<u>Grant revenue For the year</u>
Jefferson Parish Human Services Authority		
Primary Treatment Program	\$ 4,493	\$ 108,708
Independent Living Program	4,718	76,031
Social Detoxification Program	8,769	87,400
HUD		
Supportive Housing Program - 1999	-	119,392
Supportive Housing Program - 2000	11,905	27,102
HOPWA	5,933	19,188
Emergency Shelter Grant	12,330	12,330
Community Development Block Grant	2,552	2,552
Baptist Community Ministries	-	29,144
U. S. Pre Trial Services	-	3,810
	<u>\$ 50,700</u>	<u>\$ 485,657</u>

Matching requirements - The cash match for the 1999 and 2000 Supportive Housing Programs were met. Total non-HUD Supportive Housing fund cash match amounted to:

Supportive Housing 1999	\$ 17,687
Supportive Housing 2000	<u>2,828</u>
	<u>\$ 20,515</u>

All receivables at June 30, 2001 are considered collectible, accordingly, an allowance for doubtful accounts is not presented.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE C - LONG-TERM OBLIGATIONS

Long-term automotive equipment obligations are payable \$492 per month through May 2004, with interest at 8% \$ 15,308

Less current maturities 4,855
\$ 10,453

Aggregate maturities are as follows:

Year ended	June 30, 2002	\$ 4,855
	June 30, 2003	5,257
	June 30, 2004	<u>5,196</u>
		\$ <u>15,308</u>

Interest expense for the year amounted to \$674.

NOTE D - OPERATING LEASE COMMITMENT

The Corporation has an operating lease, for the residential treatment program, expiring June 30, 2001. The rental is \$4,000 monthly through June 30, 2001. The corporation also makes lease payments for client occupied apartments for the HUD Supportive Housing Programs.

Rental expense for the year is as follows:

Residential Treatment Program	\$ 48,000
Client occupied apartments	55,402
Office	<u>3,600</u>
	\$ <u>107,002</u>

NOTE E - BOARD OF DIRECTORS' COMPENSATION

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

NOTE F - ECONOMIC DEPENDENCY

The Corporation receives a substantial amount of its revenue from funds provided through grants administered by the State of Louisiana. The grant amounts are appropriated each year by the State of Louisiana. If significant budget cuts are made at the State level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operation. At the time of completion of the examination of the Corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the organization will receive in the next fiscal year.

SUPPLEMENTAL INFORMATION

RESPONSIBILITY HOUSE
COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2001

	<u>JPHSA Primary Treatment</u>	<u>JPHSA Independent Living</u>	<u>JPHSA Social Detox</u>	<u>HUD Supportive Housing 1999</u>
REVENUE				
Grant appropriations	\$ 108,708	\$ 76,031	\$ 87,400	\$ 119,392
Client service fees	-	-	-	-
Other	-	-	-	-
Total Revenue	<u>108,708</u>	<u>76,031</u>	<u>87,400</u>	<u>119,392</u>
EXPENSES				
Personal services	55,812	46,426	57,813	59,848
Related benefits	5,853	6,063	8,347	5,751
Travel	2,047	749	1,009	1,103
Operating services	37,448	28,108	5,650	55,573
Supplies	4,735	4,940	6,818	1,424
Professional services	2,901	2,318	3,106	1,108
Other	15	-	512	-
Depreciation	-	-	-	-
Total expenses	<u>108,811</u>	<u>88,604</u>	<u>83,255</u>	<u>124,807</u>
Excess of Revenue or (Expenses)	(103)	(12,573)	4,145	(5,415)
Capital Assets Capitalized	(1,150)	(1,025)	(6,287)	(5,323)
Transfers to/from Management and General	<u>1,253</u>	<u>13,598</u>	<u>2,142</u>	<u>10,738</u>
INCREASE IN NET ASSETS	-	-	-	-
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RESPONSIBILITY HOUSE

COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2001

	HUD Supportive Housing <u>2000</u>	<u>HOPWA</u>	Emergency Shelter <u>Grant</u>	Community Development <u>Block Grant</u>
REVENUE				
Grant appropriations	\$ 27,102	\$ 19,188	\$ 12,330	\$ 2,552
Client service fees	-	-	-	-
Other	-	-	-	-
Total Revenue	<u>27,102</u>	<u>19,188</u>	<u>12,330</u>	<u>2,552</u>
 EXPENSES				
Personal services	9,738	1,094	9,409	1,422
Related benefits	936	105	915	137
Travel	-	223	-	385
Operating services	16,428	10,962	500	306
Supplies	-	1,671	2,663	50
Professional services	-	1,035	-	-
Other	-	3	-	-
Depreciation	-	-	-	-
Total expenses	<u>27,102</u>	<u>15,093</u>	<u>13,487</u>	<u>2,300</u>
Excess of Revenue or (Expenses)	-	4,095	(1,157)	252
Capital Assets Capitalized	-	-	-	-
Transfers to/from Management and General	<u>-</u>	<u>-</u>	<u>1,157</u>	<u>-</u>
INCREASE IN NET ASSETS	-	4,095	-	252
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 4,095</u>	<u>\$ -</u>	<u>\$ 252</u>

RESPONSIBILITY HOUSE

COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2001

	<u>Baptist Community Ministeries</u>	<u>U. S. Pre Trial Services</u>	<u>Management and General</u>	<u>Total</u>
REVENUE				
Grant appropriations	\$ 29,144	\$ 3,810	\$ -	\$ 485,657
Client service fees	-	-	36,625	36,625
Other	-	-	<u>16,981</u>	<u>16,981</u>
Total Revenue	<u>29,144</u>	<u>3,810</u>	<u>53,606</u>	<u>539,263</u>
EXPENSES				
Personal services	25,712	-	2,189	269,463
Related benefits	2,471	-	198	30,776
Travel	270	-	651	6,437
Operating services	3,900	-	11,756	170,631
Supplies	9,097	-	-	31,398
Professional services	9,843	-	-	20,311
Other	-	-	1,414	1,944
Depreciation	-	-	<u>18,459</u>	<u>18,459</u>
Total expenses	<u>51,293</u>	<u>-</u>	<u>34,667</u>	<u>549,419</u>
Excess of Revenue or (Expenses)	(22,149)	3,810	18,939	(10,156)
Capital Assets Capitalized	(53,916)	-	67,701	-
Transfers to/from Management and general	<u>-</u>	<u>(3,810)</u>	<u>(25,078)</u>	<u>-</u>
INCREASE IN NET ASSETS	(76,065)	-	61,562	(10,156)
Net assets, beginning of year	<u>91,045</u>	<u>-</u>	<u>69,340</u>	<u>160,385</u>
Net assets, end of year	\$ <u>14,980</u>	\$ <u>-</u>	\$ <u>130,902</u>	\$ <u>150,229</u>

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

To the Board of Directors
Responsibility House

We have audited the financial statements of Responsibility House (a nonprofit corporation) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 19, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether Responsibility House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Responsibility House's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected

within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cassio, Davis + Schmidt, P.C.

Metairie, Louisiana
December 19, 2001

RESPONSIBILITY HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2001

AUDIT FINDINGS

There were no prior year or current year audit findings.

QUESTIONED COSTS

There were no questioned costs.

MANAGEMENT LETTER

A management letter was not issued for the year ended June 30, 2001.