

5215

RECEIVED
LEGISLATIVE AUDITOR
02 DEC 20 AM 10:04

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT**

June 30, 2002

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 1-15-03

CASCIO, DAVIS & SCHMIDT, LLP
Certified Public Accountants

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3 - 4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF ACTIVITIES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8 - 10
SUPPLEMENTAL INFORMATION	
COMBINED STATEMENT OF ACTIVITIES	12 - 16
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	17
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	18 - 19
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	20 - 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	22 - 24
MANAGEMENT'S RESPONSE	

CD&S

CASCIO, DAVIS & SCHMIDT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
JAN E. DAVIS, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Families Helping Families of Greater New Orleans

We have audited the accompanying statement of financial position of Families Helping Families of Greater New Orleans (a non-profit corporation) as of June 30, 2002, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Families Helping Families of Greater New Orleans' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2001 financial statements and, in our report dated January 23, 2002, we expressed an unqualified opinion on these financial statements.

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 Families Helping Families of Greater New Orleans as of June 30, 2002, 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 27, 2002, on our consideration of Families Helping Families of Greater New Orleans' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is 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 made for the purpose of forming an opinion on the basic financial statements of Families Helping Families of Greater New Orleans taken as a whole. The supplemental schedules listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

Cascio, Davis & Schmidt, LLP

Metairie, Louisiana
November 27, 2002

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

STATEMENT OF FINANCIAL POSITION

June 30, 2002

	ASSETS	TOTAL MEMORANDUM ONLY
		<u>JUNE 30, 2001</u>
Cash	\$ 36,372	\$ -
Grants receivable (Notes A6 and B)	224,253	173,986
Prepaid expenses and deposits	2,000	2,460
Property and equipment-at cost (Notes A3 and C)	<u>6,075</u>	<u>9,113</u>
Total assets	\$ <u>268,700</u>	\$ <u>185,559</u>

LIABILITIES AND NET ASSETS

Cash overdraft	\$ -	\$ 12,060
Accounts payable and accrued liabilities	<u>62,593</u>	<u>51,091</u>
Total liabilities	62,593	63,151
Commitment (Note D)	-	-
Net assets		
Unrestricted	109,322	66,400
Temporarily restricted	<u>96,785</u>	<u>56,008</u>
Total net assets	<u>206,107</u>	<u>122,408</u>
Total liabilities and net assets	\$ <u>268,700</u>	\$ <u>185,559</u>

The accompanying notes are an integral part of this financial statement.

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

STATEMENT OF ACTIVITIES

For the year ended June 30, 2002

			TOTAL	
			MEMORANDUM ONLY	
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>Year ended June 30, 2002</u>	<u>Year ended June 30, 2001</u>
REVENUES				
Grant appropriations	\$ -	\$ 924,745	\$ 924,745	\$ 860,919
Fees	10,250	-	10,250	8,106
Other	17,252	4,931	22,183	12,426
Net assets released from restrictions	<u>888,899</u>	<u>(888,899)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>916,401</u>	<u>40,777</u>	<u>957,178</u>	<u>881,451</u>
EXPENSES				
Personnel costs	478,055	-	478,055	426,784
Contractual services	84,398	-	84,398	74,044
Travel	125,359	-	125,359	78,577
Supplies	37,681	-	37,681	71,333
Occupancy	41,682	-	41,682	39,969
Printing and publications	23,873	-	23,873	24,474
Postage	14,442	-	14,442	18,953
Telephone	14,897	-	14,897	16,275
Insurance	13,928	-	13,928	11,218
Repairs and maintenance	1,384	-	1,384	4,371
Other	<u>37,780</u>	<u>-</u>	<u>37,780</u>	<u>80,814</u>
Total expenses	<u>873,479</u>	<u>-</u>	<u>873,479</u>	<u>846,812</u>
Increase in net assets	42,922	40,777	83,699	34,639
Net assets, beginning of year	<u>66,400</u>	<u>56,008</u>	<u>122,408</u>	<u>87,769</u>
Net assets, end of year	<u>\$ 109,322</u>	<u>\$ 96,785</u>	<u>\$ 206,107</u>	<u>\$ 122,408</u>

The accompanying notes are an integral part of this financial statement.

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

STATEMENT OF CASH FLOWS

For the year ended June 30, 2002

Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Increase in net assets		\$ 83,699
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	\$ 3,038	
Changes in assets and liabilities:		
Increase in grants receivable	(50,267)	
Decrease in prepaid expenses and deposits	460	
Increase in accounts payable and accrued liabilities	<u>11,502</u>	<u>(35,267)</u>
Net cash provided by operating activities		<u>48,432</u>
Net increase in cash and cash equivalents		48,432
Cash (cash overdraft) and cash equivalents, beginning of year		<u>(12,060)</u>
Cash and cash equivalents, end of year		\$ <u>36,372</u>

The accompanying notes are an integral part of this financial statement.

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Families Helping Families of Greater New Orleans is a non-profit corporation organized to assist and strengthen Louisiana families of individuals with special needs (disabilities) through a coordinated network of resources, support, and services with respect for the racial, ethnic and cultural diversity of families.

2. Presentation of Financial Statements

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations". Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. Property and Equipment

Families Helping Families of Greater New Orleans records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The depreciation expense for the year ending June 30, 2002 totaled \$3,038.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

4. Revenue Recognition

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Revenue Recognition - continued

Grant revenue is recognized as it is earned in accordance with approved contracts.

5. Cash Equivalents

For purposes of the Statement of Cash Flows, the corporation considers all demand deposits to be cash equivalents.

6. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts become uncollectible, they will be charged to operations when that determination is made.

7. 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 these estimates.

8. 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.

9. Memorandum Only Columns

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE B - GRANTS RECEIVABLE

The grants receivable consist of reimbursements for expenses incurred from the following:

U. S. Department of Education	\$ 57,437
Jefferson Parish Human Services Authority	46,338
Louisiana State University Medical Center	12,335
Louisiana State Planning Council on Developmental Disabilities	59,335
Louisiana Department of Health and Hospitals	37,830
Louisiana Department of Education	<u>10,978</u>
	<u>\$ 224,253</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2002 consists of the following:

Office equipment	\$ 9,113
Less accumulated depreciation	<u>(3,038)</u>
	<u>\$ 6,075</u>

NOTE D - COMMITMENT

The corporation leases its administrative and program offices under various operating leases. The rental expenses totaled \$39,300 for the year ended June 30, 2002.

NOTE E - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE F - BOARD OF DIRECTORS COMPENSATION

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

NOTE G - ECONOMIC DEPENDENCY

The corporation is supported primarily through government grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal government. If significant budget cuts are effected at the federal level, the amount of the funds the Corporation receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Corporation will receive in the next fiscal year. Approximately 95% of the Corporation's support for the year ended June 30, 2002, was received from these grants.

SUPPLEMENTAL INFORMATION

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2002

	GENERAL	U.S. DEPT. OF EDUCATION P.T.I. GRANT	LOUISIANA STATE PLANNING COUNCIL ON DEVELOPMENTAL DISABILITIES PARTNERS IN POLICYMAKING	LOUISIANA STATE PLANNING COUNCIL ON DEVELOPMENTAL DISABILITIES FAMILY RESOURCE CENTER	STATE OF LOUISIANA DEPARTMENT OF SOCIAL SERVICES CHILDREN'S SPECIAL HEALTH SERVICES	OFFICE OF MENTAL HEALTH FAMILY RESOURCE CENTER
REVENUES						
Grant appropriations	\$ 17,500	\$ 223,094	\$ 66,096	\$ 50,016	\$ 50,465	\$ 44,521
Fees	10,250	-	-	-	-	-
Other	17,252	-	-	-	-	-
Total revenues	<u>45,002</u>	<u>223,094</u>	<u>66,096</u>	<u>50,016</u>	<u>50,465</u>	<u>44,521</u>
EXPENSES						
Personal costs	19,505	157,768	2,006	39,416	34,080	4,666
Contractual services	3,139	5,463	12,181	480	-	36,473
Travel	970	18,465	42,950	1,231	2,528	-
Supplies	3,189	7,100	2,462	2,664	670	703
Occupancy	4,050	12,300	-	2,174	-	249
Printing and publications	432	5,398	2,037	90	-	1,292
Postage	306	5,843	83	68	118	62
Telephone	53	4,437	58	1,705	-	291
Insurance	2,436	3,559	30	1,691	534	1,046
Repairs and maintenance	90	413	-	108	-	41
Other	4,500	2,348	4,289	158	150	100
Total expenses	<u>38,670</u>	<u>223,094</u>	<u>66,096</u>	<u>49,785</u>	<u>38,080</u>	<u>44,923</u>
Increase (decrease) in net assets	6,332	-	-	231	12,385	(402)
Transfers to/from General	36,590	-	-	(231)	-	-
Net assets, beginning of year	<u>66,400</u>	-	-	-	<u>22,107</u>	<u>10,561</u>
Net assets, end of year	<u>\$ 109,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,492</u>	<u>\$ 10,159</u>

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2002

	L.S.U. MEDICAL CENTER STATEWIDE TRANSITION PROJECT	LOUISIANA STATE PLANNING COUNCIL ON DEVELOPMENTAL DISABILITIES VOCATIONAL REHAB	LOUISIANA STATE PLANNING COUNCIL ON DEVELOPMENTAL DISABILITIES STIPENDS	OFFICE OF CITIZENS WITH DEVELOPMENTAL DISABILITIES FAMILY RESOURCE CENTER
REVENUES				
Grant appropriations	\$ 74,268	\$ 73,414	\$ 9,845	\$ 65,000
Fees	-	-	-	-
Other	-	-	-	-
Total revenues	<u>74,268</u>	<u>73,414</u>	<u>9,845</u>	<u>65,000</u>
EXPENSES				
Personal costs	15,992	53,092	-	19,709
Contractual services	9,800	826	-	773
Travel	35,453	5,949	4,252	707
Supplies	1,750	5,359	12	3,894
Occupancy	-	-	-	5,984
Printing and publications	263	702	-	1,377
Postage	358	1,190	-	2,154
Telephone	90	3,389	-	2,009
Insurance	208	208	-	1,563
Repairs and maintenance	-	41	-	253
Other	6,733	1,782	5,346	200
Total expenses	<u>70,647</u>	<u>72,538</u>	<u>9,610</u>	<u>38,623</u>
Increase (decrease) in net assets	3,621	876	235	26,377
Transfers to/from General	(3,621)	(876)	(235)	-
Net assets, beginning of year	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,377</u>

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2002

	JEFFERSON PARISH HUMAN SERVICES AUTHORITY FAMILY RESOURCE CENTER	JEFFERSON PARISH HUMAN SERVICES AUTHORITY EMPOWERMENT PROGRAM	JEFFERSON PARISH HUMAN SERVICES AUTHORITY SELF-ADVOCACY	STATE OF LOUISIANA OFFICE OF COMMUNITY SERVICES CHILDREN'S TRUST
REVENUES				
Grant appropriations	\$ 65,000	\$ 43,243	\$ 40,149	\$ 10,000
Fees	-	-	-	-
Other	-	-	-	-
Total revenues	<u>65,000</u>	<u>43,243</u>	<u>40,149</u>	<u>10,000</u>
EXPENSES				
Personal costs	8,935	34,338	34,194	9,867
Contractual services	772	2,263	-	-
Travel	548	2,709	1,267	60
Supplies	2,819	1,027	471	93
Occupancy	13,925	-	-	-
Printing and publications	1,264	617	282	88
Postage	1,956	338	440	87
Telephone	1,785	16	-	-
Insurance	1,392	151	527	-
Repairs and maintenance	252	52	-	-
Other	128	1,527	4,129	-
Total expenses	<u>33,776</u>	<u>43,038</u>	<u>41,310</u>	<u>10,195</u>
Increase (decrease) in net assets	31,224	205	(1,161)	(195)
Transfers to/from General	(31,224)	(205)	1,161	195
Net assets, beginning of year	-	-	-	-
Net assets, end of year	\$ -	\$ -	\$ -	\$ -

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2002

	LOUISIANA DEPARTMENT OF EDUCATION IDEA - PART B DISCRETIONARY	LOUISIANA STATE PLANNING COUNCIL ON DEVELOPMENTAL DISABILITIES-YOUTH LEADERSHIP FORUM	UNIVERSITY OF NEW ORLEANS	STATE OF LOUISIANA OFFICE OF COMMUNITY SERVICES CHILDREN'S TRUST
REVENUES				
Grant appropriations	\$ 18,202	\$ 15,000	\$ -	\$ 10,568
Fees	-	-	-	-
Other	<u>18,202</u>	<u>3,311</u>	<u>1,620</u>	<u>-</u>
Total revenues		<u>18,311</u>	<u>1,620</u>	<u>10,568</u>
EXPENSES				
Personal costs	13,506	-	-	6,213
Contractual services	-	9,428	100	1,200
Travel	-	3,461	150	1,217
Supplies	1,379	187	-	68
Occupancy	-	-	-	-
Printing and publications	2,687	993	-	827
Postage	302	67	-	13
Telephone	-	333	-	-
Insurance	199	-	-	-
Repairs and maintenance	41	-	-	-
Other	<u>48</u>	<u>3,690</u>	<u>-</u>	<u>-</u>
Total expenses	<u>18,162</u>	<u>18,159</u>	<u>250</u>	<u>9,538</u>
Increase (decrease) in net assets	40	152	1,370	1,030
Transfers to/from General	(40)	(152)	-	(1,030)
Net assets, beginning of year	-	-	<u>5,757</u>	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,127</u>	<u>\$ -</u>

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended June 30, 2002

	LOUISIANA DEPARTMENT OF EDUCATION <u>LASIG</u>	LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER <u>OUTREACH PROJECT</u>	LOUISIANA STATE PLANNING COUNCIL ON DEVELOPMENT DISABILITIES <u>INCLUSION</u>	<u>TOTAL</u>
REVENUES				
Grant appropriations	\$ 10,952	\$ 25,412	\$ 12,000	\$ 924,745
Fees	-	-	-	10,250
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,183</u>
Total revenues	<u>10,952</u>	<u>25,412</u>	<u>12,000</u>	<u>957,178</u>
EXPENSES				
Personal costs	4,354	20,414	-	478,055
Contractual services	1,500	-	-	84,398
Travel	2,740	362	340	125,359
Supplies	297	53	3,484	37,681
Occupancy	-	-	3,000	41,682
Printing and publications	453	3,130	1,941	23,873
Postage	-	-	1,057	14,442
Telephone	8	420	303	14,897
Insurance	-	176	208	13,928
Repairs and maintenance	-	-	93	1,384
Other	<u>1,600</u>	<u>525</u>	<u>527</u>	<u>37,780</u>
Total expenses	<u>10,952</u>	<u>25,080</u>	<u>10,953</u>	<u>873,479</u>
Increase (decrease) in net assets	-	332	1,047	83,699
Transfers to/from General	-	(332)	-	-
Net assets, beginning of year	-	-	17,583	122,408
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,630</u>	<u>\$ 206,107</u>

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2002

<u>PROGRAM</u>	<u>CFDA#</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION		
Parent Training & Information:		
Empowerment Zones	84.029M	\$ 223,094
Funds passed through the Louisiana		
Department of Education:		
IDEA-Part B Discretionary	84.027	18,162
Funds passed through Louisiana State		
University Health Services Center:		
Louisiana Statewide Transition Project	84.158A	70,647
Funds passed through University of New		
Orleans Office of Research and Sponsored		
Programs:		
Personnel Preparatory Grant	84.325A	<u>250</u>
Total U.S. Department of Education		<u>312,153</u>
U.S. DEPARTMENT OF HEALTH AND		
HUMAN RESOURCES		
Funds passed through the		
Louisiana State Planning Council		
on Developmental Disabilities:		
Partners in Policymaking	93.630	66,096
Family Resource Center	93.630	49,785
Stipends	93.630	9,610
Vocational Rehabilitation	93.630	72,538
Youth Leadership Forum	93.630	18,159
Inclusive Education	93.630	10,953
Funds passed through Louisiana Department		
of Health and Hospitals:		
Children's Special Health Services	93.994	38,080
OMH-FRC	93.958	44,521
OCDD-FRC	93.958	<u>38,623</u>
Total U.S. Department of Health and		
Human Resources		<u>348,365</u>
Total Federal awards		<u>\$ 660,518</u>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

FRANCIS J. CASCIO, CPA
JAN E. DAVIS, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

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

Board of Directors
Families Helping Families of Greater New Orleans

We have audited the financial statements of Families Helping Families of Greater New Orleans as of and for the year ended June 30, 2002, and have issued our report thereon dated November 27, 2002. 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 Families Helping Families of Greater New Orleans' 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 provision 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 reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Families Helping Families of Greater New Orleans' 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Families Helping Families of Greater New Orleans's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-1 and 2002-2.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use 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 + Schmitt, LLP.

Metairie, Louisiana
November 27, 2002

FRANCIS J. CASCIO, CPA
JAN E. DAVIS, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Families Helping Families of Greater New Orleans

Compliance

We have audited the financial statements of Families Helping Families of Greater New Orleans with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major Federal programs for the year ended June 30, 2002. Families Helping Families of Greater New Orleans' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Families Helping Families of Greater New Orleans' management. Our responsibility is to express an opinion on Families Helping Families of Greater New Orleans' compliance based on our audit.

We conducted our audit of compliance 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; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Families Helping Families of Greater New Orleans' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Families Helping Families of Greater New Orleans' compliance with those requirements.

In our opinion, Families Helping Families of Greater New Orleans complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Families Helping Families of Greater New Orleans is responsible for establishing and maintaining effective internal control over compliance with requirement of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Families Helping Families of Greater New Orleans' internal control over compliance with requirements that could have a direct material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect Families Helping Families of Greater New Orleans ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-1 and 2002-2.

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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use 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.L.L.C.

Metairie, Louisiana
November 27, 2002

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2002

A. SUMMARY OF THE AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of the auditee.
2. Two reportable conditions disclosed during the audit of the financial statements are reported in the report titled "Report on Compliance and On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards". None of the reportable conditions were deemed a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
4. Two reportable conditions disclosed during the audit of the major federal award programs are reported in the report titled "Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance In Accordance With OMB Circular A-133". None of the reportable conditions were deemed a material weakness.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed two reportable conditions which are required to be reported under Section 501(a) of Circular A-133.
7. Major programs for the year ended June 30, 2002, were as follows:

U.S. Department of Education
Parent Training and Information:
Empowerment Zones (CFDA #84.029M)

U.S. Department of Health and Human Resources
Funds passed through the Louisiana State Planning Council on Developmental Disabilities:
(CFDA #93.630)
Partners in Policymaking
Family Resource Center
Stipends
Vocational Rehabilitation
Youth Leadership Forum
Inclusive Education

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2002

A. SUMMARY OF THE AUDITOR'S RESULTS - CONTINUED

8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000. Since no programs qualified for Type A, two Type B programs were distinguished as Type A programs to satisfy the percentage of coverage rule (50%).
9. The auditee did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

ALL PROGRAMS

2002-1 Budget and Interim Financial Statements

Condition: The size of the organization and the number of programs warrant the use of an organizational budget.

Criteria: The Board of Directors should approve an organizational-wide budget to assist the Executive Director in making financial decisions.

Effect: Management decisions may be made without proper board approval and guidance.

Recommendation: In order to carry out their responsibilities, the Executive Director and the Board of Directors should be provided quarterly financial statements compared to the organizational-wide budget.

Response: See Corrective Action Plan.

2002-2 Insurance Coverage

Condition: The insurance coverage for the use of non-owned vehicles was not renewed for the year ended June 30, 2002.

Criteria: The organization is subjecting itself to possible liabilities.

Effect: Funds may be required to settle any lawsuits.

Recommendation: We recommend that insurance coverage for non-owned vehicles be obtained.

Response: See Corrective Action Plan.

FAMILIES HELPING FAMILIES OF GREATER NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2002

C. SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

REPORTABLE CONDITIONS

ALL PROGRAMS

2002-1 Budget and Interim Financial Statements

Condition: The size of the organization and the number of programs warrant the use of an organizational budget.

Criteria: The Board of Directors should approve an organizational-wide budget to assist the Executive Director in making financial decisions.

Effect: Management decisions may be made without proper board approval and guidance.

Recommendation: In order to carry out their responsibilities, the Executive Director and the Board of Directors should be provided quarterly financial statements compared to the organizational-wide budget.

Response: See Corrective Action Plan.

2002-2 Insurance Coverage

Condition: The insurance coverage for the use of non-owned vehicles was not renewed for the year ended June 30, 2002.

Criteria: The organization is subjecting itself to possible liabilities.

Effect: Funds may be required to settle any lawsuits.

Recommendation: We recommend that insurance coverage for non-owned vehicles be obtained.

Response: See Corrective Action Plan.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.



Families Helping Families of Greater New Orleans

A Family Directed Family Resource Center

4323 Division Street, Suite 110 • Metairie, Louisiana 70002-3179 • (504) 888-9111 • 1-800-766-7736 Toll Free • FAX (504) 888-0246
<http://www.fhfla.org> • <http://www.projectprompt.com> • E-mail: fhfgno@ix.netcom.com

Management response to audit findings:

An organizational budget will be presented with the quarterly financial statements for the 2003 – 2004 fiscal year since we are half way through the current year.

After meeting with the board of directors the nonowned automobile insurance has been reinstated.



First Touch



Project PROMPT

Programs include:



STAR Project



Parent Empowerment
Program