



# LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants  
and Management Consultants

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HOPE HOUSE, INC.

**FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT THEREON  
FOR THE TWENTY-FOUR MONTHS ENDED JUNE 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 **JAN 12 2000**

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# LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Director's of  
Hope House, Inc.

We have audited the accompanying statement of financial position of Hope House, Inc. (the Agency) (a non-profit organization) as of June 30, 1999, and the related statement of activities, cash flows, and changes in net assets for the twenty-four months then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 Hope House, Inc. and the results of operations and its cash flows for the twenty-four months ended June 30, 1999, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses on pages 9 through 11 are presented for purposes 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 audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

New Orleans, Louisiana  
December 29, 1999

HOPE HOUSE, INC.

STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 1999

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**ASSETS**

**Current Assets**

Cash	\$	54,939
Investments		172,498
Grant Receivable		18,656
Due From Employees		<u>4,399</u>

**Total Current Assets** 250,492

Property and Equipment, Net 199,603

**TOTAL ASSETS** \$ 450,095

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$	8,500
Taxes Payable		3,740
Loans Payable		<u>5,820</u>

**Total Current Liabilities** 18,060

**NET ASSETS** 432,035

**TOTAL LIABILITIES AND NET ASSETS** \$ 450,095

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

HOPE HOUSE, INC.

STATEMENT OF ACTIVITIES  
FOR THE TWENTY-FOUR MONTHS ENDED JUNE 30, 1999

	Restricted	Unrestricted	Total
<b>SUPPORT:</b>			
Federal Financial Assistance	\$ 281,908		281,908
Donations		241,067	241,067
Rent Revenue		46,090	46,090
Investment Income		48,896	48,896
Other Income		49,077	49,077
<b>Total Net Assets</b>	<u>281,908</u>	<u>385,130</u>	<u>667,038</u>
<b>EXPENSES:</b>			
<b>Program Services:</b>			
Adult Learning Center	158,060		158,060
FEMA	12,438		12,438
Supportive Housing	40,639		40,639
Family Transitional Housing	70,771		70,771
Direct Service		81,070	81,070
Community Center		57,898	57,898
<b>Total Program Expenses</b>	<u>281,908</u>	<u>138,968</u>	<u>420,876</u>
<b>Support Services:</b>			
General and Administrative		185,086	185,086
<b>Total Expenses</b>	<u>281,908</u>	<u>324,054</u>	<u>605,962</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 0</u>	<u>61,076</u>	<u>61,076</u>

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

HOPE HOUSE, INC.

STATEMENT OF CHANGES IN NET ASSETS  
AS OF JUNE 30, 1999

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NET ASSETS - JUNE 30, 1997	\$ 370,959
CHANGE IN NET ASSETS FOR THE TWENTY-FOUR MONTHS ENDED JUNE 30, 1999	<u>61,076</u>
NET ASSETS - JUNE 30, 1999	<u>\$ 432,035</u>

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

HOPE HOUSE, INC.

STATEMENT OF CASH FLOWS  
FOR THE 24 MONTHS ENDED JUNE 30, 1999

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in Net Assets	\$ 22,813
Adjustments to Reconcile Net Revenues over Expenditures to net Cash Provided by Operating Activities:	
Depreciation Expense	30,498
Changes in Operating Assets and Liabilities:	
Grant Receivable	21,321
Due From Employees	(2,034)
Accounts Payable	(1,660)
Taxes Payable	<u>40</u>
Net Increase In Cash From Operating Activities	70,978

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase/Sale of Investments and Securities	(18,542)
Purchase of Property and Equipment	<u>(23,210)</u>
Net Decrease in Cash From Investing Activities	<u>(41,752)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Principle Payment on Note Payable	(8,500)
Loan Payable	<u>5,820</u>
Net Decrease in Cash From Financing Activities	<u>(2,680)</u>

<b>NET DECREASE IN CASH</b>	26,546
<b>CASH, JULY 1, 1997</b>	<u>28,393</u>
<b>CASH, JUNE 30, 1999</b>	<u>\$ 54,939</u>

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

**HOPE HOUSE, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE TWENTY-FOUR MONTHS ENDED JUNE 30, 1999**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

*General* - Hope House, Inc. (the Organization) is a nonprofit corporation which is located near the St. Thomas Housing Development, in New Orleans, Louisiana. The programs offered by the Organization are as follows; an adult learning center; emergency assistance for transitory needs; and assisting in locating permanent housing for the homeless.

The Organization receives its funding from grants and donations. The adult learning center is funded by grants from the Louisiana State Department of Education, the Office of Family Support and the Housing Authority of New Orleans. The core funding for emergency assistance program is provided by the Federal Emergency Management Agency through the United Way. Funding for the Family Transitional Housing program is provided through a Community Development Block Grant from the City of New Orleans.

*Basis of Accounting* - The financial statements of the Organization are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

*Property and Equipment* - Depreciation is provided over the estimated useful lives, which ranges from 3 to 40 years, of the related assets using primarily the straight-line method.

*Income Taxes* - The Organization has been determined to be tax exempt under Section 501 (c) of the Internal Revenue Code.

*Cash* - Cash is comprised of cash on hand and in banks.

*Investments* - Investments are stated at cost, which approximates market.

*Grant Receivable* - Grant receivables do not contain any material uncollectible amounts; therefore, no allowance for doubtful accounts is considered necessary.



## 2. INVESTMENTS

The amortized cost of investment securities are as follows at June 30, 1999:

	Amortized Cost
Money Fund	25,600.90
Taxable Bonds	20,253.32
Common Stock	<u>126,644.64</u>
TOTAL	<u>\$172,498.86</u>

It is the Organization's intention to hold all taxable bonds to maturity.

## 3. GRANT RECEIVABLE

Hope House, Inc. had three grants that were funded on a cost reimbursement basis. At June 30, 1999, certain requested reimbursements associated with these grants remained outstanding. They are detailed below:

Adult Learning Center (LA Dep't of Education)	\$ 13,990.00
Supportive Housing Program (CDBG)	2,762.00
Family Transitional Housing (ESG)	<u>1,904.00</u>
Total	\$ <u>18,656.00</u>

## 4. DUE FROM EMPLOYEES

The Organization has several outstanding loans with various employees, ranging from one hundred (\$100) to five hundred eighty dollars (\$580). These loans have no stated rate of interest or specified payback period.

5. **PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 1999:

Land	\$ 42,000.00
Buildings and Leasehold Improvements	178,987.64
Furniture, Fixtures, and Equipment	34,358.66
Vehicles	44,546.13
	<u>299,892.43</u>
Less Accumulated Depreciation	<u>100,289.00</u>
<b>TOTAL</b>	<b>\$ <u>199,603.43</u></b>

6. **YEAR 2000 ISSUE (UNAUDITED)**

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect Hope House's operations as early as 1999. Since the Year 2000 issue is unprecedented, its effects and the success of any remediation efforts by management will not be fully determinable until the Year 2000 and thereafter.

7. **DONATIONS**

This amount consists of various individual and business organization donations. It should also be noted that these donations had no substantial donor-imposed restrictions.

## **SUPPLEMENTARY SCHEDULES**

HOPE HOUSE, INC.

COMBINING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE TWENTY-FOUR MONTHS ENDED JUNE 30, 1999

	Total Expenses		24 Mths
	1999	1998	
Salaries	\$140,000	\$167,451	\$307,451
Payroll Tax Expense	9,395	11,761	21,156
Hospitalization	2,018	1,460	3,478
Rent Assistance	17,095	15,047	32,142
Repairs & Maint. Assistance	12,371	6,502	18,873
Utilities	19,419	18,587	38,006
Food	2,513	2,562	5,075
Telephone	3,494	3,133	6,627
Supplies	7,937	12,734	20,671
Rent Expense	3,000	5,563	8,563
Gasoline	795	100	895
Workshops	1,489	829	2,318
Bus Passes	1,972	3,200	5,172
Vehicles	5,100	6,547	11,647
Insurance	11,396	10,777	22,173
Postage	1,368	2,288	3,656
Printing	2,252	3,397	5,649
Medical	7,036	2,002	9,038
Bank Charges	557	668	1,225
Books/Periodicals	3,174	3,828	7,002
Equipment	4,107	6,513	10,620
Management Fees	2,418	0	2,418
Depreciation	14,835	15,659	30,494
Audit Services	4,500	4,000	8,500
Activities	2,923	263	3,186
Direct Service	5,916	4,334	10,250
Miscellaneous	6,848	2,829	9,677
Total Expenses	<u>\$293,928</u>	<u>\$312,034</u>	<u>\$605,962</u>

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

HOPE HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 1999

	PROGRAM SERVICES										Support Services UNRESTRICTED	Total
	RESTRICTED					UNRESTRICTED						
	Adult Learning Center	FEMA	Supportive Housing	Family Transitional Housing	Direct Service	Community Center	Total Program Services	General & Administrative	Total Expenses			
Salaries	45,995		8,895	19,114	26,345	16,481	116,830	23,170	140,000			
Payroll Tax Expense	2,006		735	1,592	2,015	1,275	7,623	1,772	9,395			
Hospitalization							0	2,018	2,018			
Rent Assistance		6,216			10,879		17,095	0	17,095			
Repairs & Maint. Assistance			338	3,438		1,500	5,276	7,095	12,371			
Utilities	598		3,863	8,935	958	3,450	17,814	1,605	19,419			
Food							0	2,513	2,513			
Telephone	490			266		633	1,389	2,105	3,494			
Supplies	1,045		573	875		1,422	3,915	4,022	7,937			
Rent Expense	3,000						3,000	0	3,000			
Gasoline				795			795	0	795			
Workshops							0	1,489	1,489			
Bus Passes			1,972				1,972	0	1,972			
Vehicles							0	5,100	5,100			
Insurance				2,100			2,100	9,296	11,396			
Postage	33						33	1,335	1,368			
Printing	442						442	1,810	2,252			
Medical	1,100				484		1,584	5,452	7,036			
Bank Charges			147		91	32	270	287	557			
Books/Periodicals	3,130						3,130	44	3,174			
Equipment	729		828	1,260		452	3,269	838	4,107			
Management Fees							0	2,418	2,418			
Depreciation							0	14,835	14,835			
Audit Services	939						939	3,561	4,500			
Activities						1,923	1,923	1,000	2,923			
Direct Service					1,790		1,790	4,126	5,916			
Miscellaneous	488						488	6,360	6,848			
<b>Total Expenses</b>	<b>59,995</b>	<b>6,216</b>	<b>17,351</b>	<b>38,375</b>	<b>42,572</b>	<b>27,168</b>	<b>191,677</b>	<b>102,251</b>	<b>293,928</b>			

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

HOPE HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 1998

	PROGRAM SERVICES										Support Services UNRESTRICTED	Total Expenses
	RESTRICTED					UNRESTRICTED						
	Adult Learning Center	FEMA	Supportive Housing	Family Transitional Housing	Direct Service	Community Center	Total Program Services	General & Administrative	Total			
Salaries	75,714		12,027	18,600	24,170	16,788	147,299	20,152	167,451			
Payroll Tax Expense	4,710		875	1,575	1,829	1,202	10,191	1,570	11,761			
Hospitalization								1,460	1,460			
Rent Assistance		6,182			8,865		15,047	0	15,047			
Repairs & Maint. Assistance			829	1,309		1,587	3,725	2,777	6,502			
Utilities	871		3,514	7,506	495	3,540	15,926	2,661	18,587			
Food								2,562	2,562			
Telephone	602		297	192		925	1,719	1,414	3,133			
Supplies	2,030			733		4,459	7,519	5,215	12,734			
Rent Expense	5,563			100			5,663	0	5,663			
Gasoline							100	0	100			
Workshops								829	829			
Bus Passes			3,200				3,200	0	3,200			
Vehicles								6,547	6,547			
Insurance			800	1,975			2,775	8,002	10,777			
Postage	96						96	2,192	2,288			
Printing	1,274						1,274	2,123	3,397			
Medical	1,100				574		1,674	328	2,002			
Bank Charges	64	40	62		125	25	316	352	668			
Books/Periodicals	3,828		618	206		1,941	3,828	0	3,828			
Equipment	1,530						4,295	2,218	6,513			
Depreciation								15,659	15,659			
Audit Services								4,000	4,000			
Activities						263	263	0	263			
Direct Service			1,066	200	2,027		2,027	2,307	4,334			
Miscellaneous	683				413		2,362	467	2,829			
Total Expenses	98,065	6,222	23,288	32,396	38,498	30,730	229,199	82,835	312,034			

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



# LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants  
and Management Consultants

## INDEPENDENT AUDITOR'S 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 Director's of Hope House, Inc.

We have audited the financial statements of Hope House, Inc. (the Agency) as of June 30, 1999, and for the twenty-four months then ended, and have issued our report thereon dated December 29, 1999. We conducted our audits in accordance with generally accepted auditing standards 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 Hope House, Inc. 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 audits, we considered the Agency'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 that might be reportable conditions that are also considered to 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 a material weakness. However, we noted another matter involving the internal control over financial reporting, which we have reported to management of Hope House, Inc. in a separate letter dated December 29, 1999.

This report is intended for the information of the Agency's Board of Directors, management, the City of New Orleans and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



December 29, 1999

**HOPE HOUSE, INC.  
CURRENT YEAR FINDINGS & QUESTIONED COSTS  
FOR THE TWENTY-FOUR MONTHS ENDED JUNE 30, 1999**

There were no current period findings or questioned costs noted as a result of this audit.



**HOPE HOUSE, INC.**

**STATUS OF PRIOR YEAR FINDINGS  
FOR THE TWENTY-FOUR MONTHS ENDED JUNE 30, 1999**

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	<u>Resolved</u>	<u>Unresolved</u>
1. Drug-Free Workplace Policy	X	
2. Accounting System	X	
3. Personnel Files	X	

**HOPE HOUSE, INC.**

**MANAGEMENT CORRECTIVE ACTION PLAN  
FOR THE TWENTY-FOUR MONTHS ENDED JUNE 30, 1999**

There were no reportable conditions or material weaknesses noted during this audit.