

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1996

<u>Finding / Noncompliance</u>				<u>Questioned Costs</u>
1) For the fiscal year ended June 30, 1996, Washington Street Hope Center, Inc.'s Hope Center program expenses in total are within total budgeted expenses; however, for each budgeted cost category the following is a summary of budget variances:				
	<u>Actual Expense</u>	<u>Budgeted Expense</u>	<u>Over(Under) Budget</u>	
Personal Services	\$ 86,119	\$ 84,870	\$ 1,249	
Related Benefits	6,763	9,500	(2,737)	
Operating Services	17,034	18,100	(1,066)	
Supplies	16,445	13,641	2,804	
Professional Service	<u>4,553</u>	<u>4,803</u>	<u>(250)</u>	
	<u>\$130,914</u>	<u>\$130,914</u>	<u>-</u>	N/A

Management should periodically review its progress in meeting each programs' financial objectives. When objectives need to be changed, management should make appropriate budget revisions.

- 2) For the fiscal year ended June 30, 1996, Washington Street Hope Center, Inc.'s Hamilton House program paid \$500 for legal services related to the Bailey Hotel program. This expense is not necessary and reasonable for the proper administration of the Hamilton House program and, therefore, is in violation of allowable cost principles. \$500

Management should abide by allowable cost principles, which requires that federally assisted programs bear only their fair share of recognized costs.

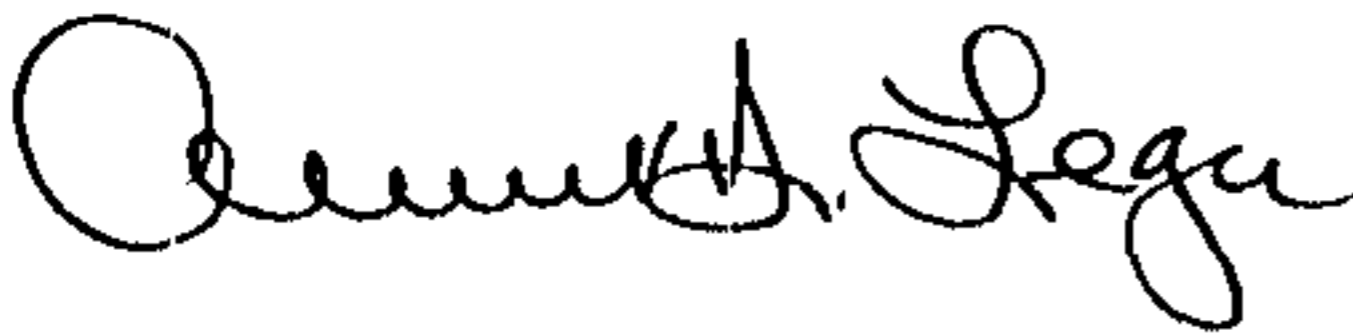
Board of Directors

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The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to in the second paragraph, which are described in the Accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Washington Street Hope Center, Inc. complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to its major federal award program for the year ended June 30, 1996.

This report is intended for the information of management, Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Marksville, Louisiana

August 28, 1996



Albert R. Leger
CERTIFIED PUBLIC ACCOUNTANT
(A Professional Corporation)

P.O. BOX 25 • 133 E. WADDIL • MARKSVILLE, LA 71351 - 0025 • OFFICE: (318) 253-5660 • FAX (318) 253-8681

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARD PROGRAMS

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

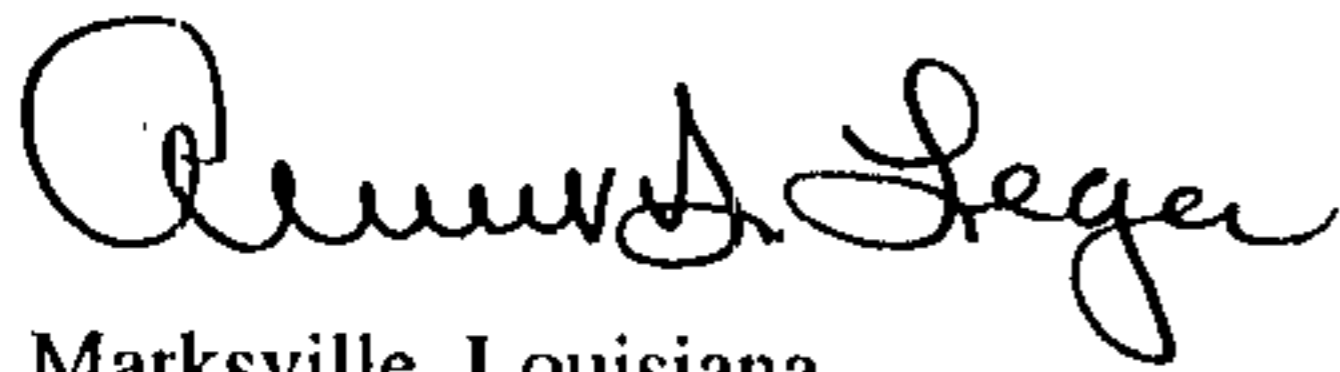
We have audited the financial statements of the Washington Street Hope Center, Inc. (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 28, 1996.

We have also audited Washington Street Hope Center, Inc.'s compliance with the requirements governing accountability for all in-kind contributions and for all income generated by the federal program activities and maintenance of records; sliding fee scale policy; application of client fees to cost for client services; monthly requests for reimbursement; eligible advance on contract amounts; confidentiality of patient records; service to referred clients; payments of salaries; and types of services allowed or not allowed that are applicable to its major federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996. The management of Washington Street Hope Center, Inc. is responsible for its compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about Washington Street Hope Center, Inc.'s compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Board of Directors
Page 2

This report is intended for the information of management, Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

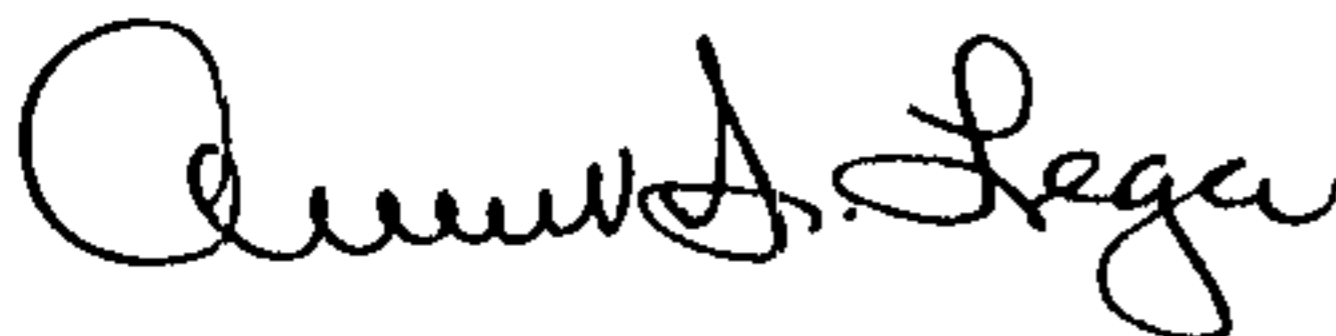
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Marksville, Louisiana
August 28, 1996

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program 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 structure and its operations that we consider to be material weaknesses as defined above.

We noted other matters involving the internal control structure and its operation that we have reported to the management of the Washington Street Hope Center, Inc. in a separate letter dated August 28, 1996.

This report is intended for the information of the management, the Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals. The restriction is not intended to limit the distribution of this report, which is a matter of public record.



Marksville, Louisiana

August 28, 1996

The management of Washington Street Hope Center, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of the internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

- Cash
- Support, Program Service Fees, Revenue, and Receivables
- Expenses for Goods and Services and Accounts Payable
- Payroll and Related Liabilities

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, Washington Street Hope Center, Inc. expended 100 percent of its total federal awards under major programs.

We performed tests on controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to Washington Street Hope Center, Inc.'s major federal award program, which is identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on those internal control structure policies and procedures. Accordingly, we do not express such an opinion.



Albert R. Leger
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SINGLE AUDIT REPORT ON THE INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a non-profit organization) as of and for the year ended June 30, 1996 and have issued our report thereon dated August 28, 1996. We have also audited Washington Street Hope Center, Inc.'s compliance with requirements applicable to major federal award programs and have issued our report thereon dated August 28, 1996.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether Washington Street Hope Center, Inc. complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing our audits for the year ended June 30, 1996, we considered Washington Street Hope Center, Inc.'s internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on Washington Street Hope Center, Inc.'s financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated August 28, 1996.

<u>Program or Award Amount</u>	<u>Current Year Revenue Recognized</u>	<u>Current Year Expenditures</u>
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\$ 130,914 133,569	\$ 130,859 133,339	\$ 130,859 <u>133,339</u>
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\$ 264,198

WASHINGTON STREET HOPE CENTER, INC.
 MARKSVILLE, LOUISIANA

SCHEDULE OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 1996

<u>Federal Grantor/ Pass-Through Grantor/ Programs Title</u>	<u>CFDA #</u>	<u>Grant Number</u>
<u>U.S. Department of Health and Human Resources</u>		
Passed Through: State of Louisiana Department of Health and Hospitals Office of Human Service Division of Alcohol and Drug Abuse Block Grants for Prevention and Treatment of Substance Abuse	* 93.959	57584 56688

Total Department of Health and Human Resources

* Indicates grants regarded as major federal award program



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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE
OF FEDERAL AWARDS

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a non-profit organization) as of and for the year ended June 30, 1996 and have issued our report thereon dated August 28, 1996. These financial statements are the responsibility of the Washington Street Hope Center, Inc.'s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Washington Street Hope Center, Inc. (a non-profit organization) taken as a whole. The accompanying Schedule of Federal Awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read 'Albert R. Leger', is written over a horizontal line.

Marksville, Louisiana
August 28, 1996

SINGLE AUDIT SECTION

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 7. RELATED PARTY TRANSACTIONS

1. James Hamilton is the finance director for the Washington Street Hope Center, Inc. and administrator of Hamilton House as well as the owner of his own insurance company. For the year ended June 30, 1996, Washington Street Hope Center, Inc. purchased \$11,079 for insurance policies through Mr. Hamilton's insurance company, which was reported as insurance expense.
2. Jo Hamilton, also a director for the Washington Street Hope Center, Inc., leases the Hope Center building personally.
3. Dr. Bryan McCann, President of the Board of Directors of Washington Street Hope Center, Inc., donated his medical services in the amount of \$8,240 for the fiscal year 1996 to Washington Street Hope Center, Inc., as shown in Note 6 above as donated materials and services.

NOTE 8. COMMITMENTS AND CONTINGENCIES

The Washington Street Hope Center, Inc. was not involved in any litigation at June 30, 1996.

NOTE 9. FEDERAL AWARDS

The Corporation is funded largely by reimbursements under its contractual agreement with the State of Louisiana Department of Health and Hospitals, and Office of Human Services. Funding under this contract consists of federal funds.

(Concluded)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

	<u>Current Funds</u> <u>Restricted</u>
Expense:	
Hope Center-	
Medical	\$ 4,120
Food supplies	11,852
Travel	930
Labor	375
Accounting	<u>144</u>
Total Hope Center	<u>\$ 17,421</u>
Hamilton House-	
Medical	\$ 4,120
Food Supplies	11,852
Travel	930
Labor	375
Accounting	<u>143</u>
Total Hamilton House	<u>\$ 17,420</u>
Total Expense	<u>\$ 34,841</u>
Capital Expenditures:	
Hope Center -	
Equipment	<u>\$ 500</u>
Total Expense & Capital Expenditures	<u>\$ 35,341</u>

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 5. NOTES PAYABLE

Washington Street Hope Center, Inc. obligation under notes payable consist of the following:

\$20,000 line of credit with Cottonport Bank, dated April 1, 1996;
bearing interest at 10.75% per annum; Final payment date April 5, 1997;
secured by the personal endorsements of two (2) board members and
the finance director.

Funded by federal grant revenues: \$ 5,000

NOTE 6. DONATED MATERIALS, SERVICES, AND CAPITAL EXPENDITURES

The value of donated materials, services, and capital expenditures included in the financial statements and corresponding expenditures for the year ended June 30, 1996 is as follows:

	<u>Current Funds</u> <u>Restricted</u>
Revenue (Contributions):	
Donated medical services	\$ 8,240
Donated food supplies	23,704
Donated travel	1,860
Donated labor	750
Donated accounting services	287
Donated capital expenditures	<u>500</u>
	<u>\$ 35,341</u>

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 2. CASH

At June 30, 1996 the Washington Street Hope Center, Inc. had cash totaling \$67,704 as follows:

Petty cash	\$ 50
Demand deposits	<u>67,654</u>
Total	<u>\$ 67,704</u>

These deposits are stated at cost, which approximates market. At June 30, 1996 the Washington Street Hope Center, Inc. had \$74,054 in deposits (collected bank balances). These deposits are secured from risk by \$74,054 of federal deposit insurance.

NOTE 3. RECEIVABLES

The following is a summary of receivables at June 30, 1996:

	<u>Current Restricted Funds</u>		
	<u>Hope Center</u>	<u>Hamilton House</u>	<u>Total</u>
Grant Revenues Receivable	<u>\$11,567</u>	<u>\$ 8,788</u>	<u>\$20,355</u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Unrestricted Fund	\$ -	\$ 16,121
Current Restricted Funds:		
Hope Center	-	223
Hamilton House	31,924	-
Bailey Hotel	-	<u>15,580</u>
	<u>\$ 31,924</u>	<u>\$ 31,924</u>

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

Uncollectible Patient Fees. Uncollectible amounts due for patient fees are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectability of the particular receivable. The allowance for uncollectables at June 30, 1996 was immaterial.

Income Taxes. Income taxes are not provided for in the financial statements since Washington Street Hope Center, Inc. is exempt from federal and state income taxes under section 501 (c) (3) of the Internal Revenue Code and similar state provisions. Washington Street Hope Center, Inc. is not classified as a private foundation.

Donated Materials & Services. Donated materials or equipment, when received, are reflected as contributions in accompanying statements at their estimated fair market value at time of receipt.

Functional Expenses. Functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personal time and space utilized for the related activities.

Cash Equivalents. For purposes of the statement of cash flows, Washington Street Hope Center, Inc. considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

Accumulated Unpaid Vacation, Sick-Pay and Other Employee Benefits. Washington Street Hope Center, Inc. has the following policy relating to vacation and sick leave:

Each employee receives 2-4 weeks vacation leave each year depending on the length of employment. Employees also receive sick leave as requested each year.

Accumulated absences were not accrued in these financial statements as such amounts were immaterial at June 30, 1996.

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

Description of Programs

Hope Center

The Hope Center provides long-term, highly structured residential treatment programs for alcoholic and drug dependent men who are economically unable to obtain needed treatment elsewhere. Fees range from assistance provided by the State of Louisiana, Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse to direct payments from individual patients.

Hamilton House

The Hamilton House provides a community-based halfway rehabilitation program for recovering male substance abusers to include individual and group counseling, vocational and educational counseling and placement, room and board, urine screening, and NA and AA support groups. Fees range from assistance provided by the State of Louisiana, Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse to payments from individual patients.

Bailey Hotel

The Bailey Hotel will provide a community-based halfway rehabilitation program for recovering male substance abusers to include individual and group counseling, vocational and educational counseling and placement, room and board, urine screening, and NA and AA support groups. Fees range from assistance provided by the State of Louisiana, Department of Health & Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse to payments from individual patients. For the fiscal year ended June 30, 1996 the Bailey Hotel program was not in operation.

Plant Fund Depreciation. Expenditures for physical properties are stated at cost. Donated assets are recorded at their estimated fair market values at time of donation.

Depreciation of physical properties is calculated on the straight-line method over the following estimated lives:

Buildings	25 years
Building Improvements	10 years
Vehicles & Equipment	5 years
Furniture & Fixtures	5 years

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washington Street Hope Center, Inc. was incorporated on July 25, 1988 and is a non-profit organization as described in IRS Code Section 501 (c) (3) which was formed for the purpose of providing a 28 day program of rehabilitation from substance abuse. The corporation also operates a halfway house referred to in this report as the Hamilton House, to be used by former patients of the treatment center for a period of up to three (3) months whereby counselors assist patients in returning to their everyday lives. It is governed by a board of directors and employs two (2) directors, a secretary, a cook, two counselors, and several program technicians.

The following is a summary of certain significant accounting policies.

Washington Street Hope Center, Inc. follows standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants' "Industry Guide for Audits of Voluntary Health and Welfare Organizations". Accordingly, the financial statements are prepared on an accrual basis of accounting.

Washington Street Hope Center, Inc. maintains its accounts in accordance with the principles of fund accounting. All financial transactions have been recorded on and reported by the following fund groups:

Current Unrestricted Fund represents resources over which the Board of Directors has discretionary control and are used to carry out operations of the Washington Street Hope Center, Inc. in accordance with its bylaws.

Current Restricted Fund represents resources currently available for use, but expendable only for those operating purposes specified by the donor. Resources of this fund originate from donations, grants, and program service fees.

Plant Fund is designated for equipment acquisitions and for recording the costs of building and equipment and accumulated depreciation.

(Continued)

<u>Plant Fund</u>	<u>Total All Funds</u>
\$ (9,456)	\$ 1,331
9,956	9,956
-	96,146
-	(200)
-	<u>(24,307)</u>
<u>500</u>	82,926
1,980	-
-	-
<u>1,980</u>	-
-	25,927
(2,480)	(2,480)
-	<u>(25,000)</u>
(2,480)	(1,553)
-	81,373
-	<u>(22,289)</u>
<u>\$ -</u>	<u>\$ 59,084</u>

part of the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1996

	<u>Current Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of public support & revenues over expenses	\$ 3,814	\$ 6,973
Adjustments to reconcile excess (deficiency) of public support & revenues over expenses to net cash provided by operating activities:		
Depreciation	-	-
Changes in operating assets & liabilities:		
(Increase) Decrease in grant revenue receivable	-	96,146
(Increase) Decrease in security deposits	-	(200)
Increase (Decrease) in accounts payable and accrued expenses	-	<u>(24,307)</u>
Net cash provided by operating activities	<u>3,814</u>	<u>78,612</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers (out to) or in from other funds	(1,980)	-
Decrease (Increase) in due (to)from other funds	<u>13,369</u>	<u>(13,369)</u>
Net cash provided by (used for) noncapital financial activities	11,389	(13,369)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Prior period adjustment-error in recording 6/30/95 cash	-	25,927
Acquisitions of property, plant and equipment	-	-
Principal paid on notes payable	-	<u>(25,000)</u>
Net cash provided by (used for) capital and related financing activities	-	927
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,203	66,170
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>27,358</u>	<u>(49,647)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 42,561</u>	<u>\$ 16,523</u>

The accompanying notes are an integral

<u>Management and General</u>	<u>Total All Funds</u>
\$ -	\$ 171,576
-	675
-	<u>18,590</u>
\$ -	\$ 190,841
\$ 326	\$ 1,386
160	18,991
-	778
-	11,079
-	3,219
858	10,676
587	1,816
-	6,000
-	450
-	25,752
379	929
74	2,437
-	420
2,606	4,330
117	9,955
-	8,987
-	8,400
50	550
-	<u>1,860</u>
\$ 5,157	\$ 308,856
-	<u>9,956</u>
<u>\$ 5,157</u>	<u>\$ 318,812</u>

part of the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1996

	<u>Program Services</u>		
	<u>Hope Center</u>	<u>Hamilton House</u>	<u>Bailey Hotel</u>
FUNCTIONAL EXPENSES:			
Payroll:			
Salaries	\$ 85,769	\$ 85,807	\$ -
Employee Awards	350	325	-
Payroll Taxes	<u>6,763</u>	<u>10,947</u>	<u>880</u>
Total Payroll	\$ 92,882	\$ 97,079	\$ 880
Other:			
Contract Labor	\$ 375	\$ 685	\$ -
Utilities	6,990	11,807	34
Postage	432	346	-
Insurance	4,486	6,593	-
Telephone	1,372	1,847	-
Maintenance	2,670	6,688	460
Miscellaneous	277	949	3
Rent	6,000	-	-
Interest	150	185	115
Supplies:			
Food	11,852	13,900	-
Household	550	-	-
Office	1,195	1,163	5
Medical	221	199	-
Literature	1,724	-	-
Other Supplies	7,467	2,371	-
Professional:			
Accounting & Auditing	4,697	4,290	-
Medical	4,120	4,280	-
Other Professional Services	-	500	-
Travel	<u>930</u>	<u>930</u>	<u>-</u>
	\$148,390	\$153,812	\$ 1,497
Allocation of Depreciation	<u>1,323</u>	<u>8,633</u>	<u>-</u>
Total Functional Expenses	<u>\$149,713</u>	<u>\$162,445</u>	<u>\$ 1,497</u>

The accompanying notes are an integral

<u>Plant Fund</u>	<u>Total All Funds</u>
\$ 1,980	\$ -
(25,896)	31
<u>270,996</u>	<u>311,146</u>
<u>\$ 237,624</u>	<u>\$ 312,508</u>

part of the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
 MARKSVILLE, LOUISIANA

STATEMENT OF SUPPORT, REVENUES, EXPENSES,
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 1996

	<u>Current Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
<u>OTHER CHANGES IN FUND BALANCE:</u>		
Transfers Between Plant Fund and Restricted and Unrestricted Funds	\$ (1,980)	\$ -
Prior period adjustment - error in recording 6/30/95 cash and construction in progress	-	25,927
FUND BALANCE-BEGINNING OF YEAR	<u>24,656</u>	<u>15,494</u>
FUND BALANCE-END OF YEAR	<u>\$ 26,490</u>	<u>\$ 48,394</u>

The accompanying notes are an integral

<u>Plant Fund</u>	<u>Total All Funds</u>
<u>\$ 500</u>	<u>\$ 39,432</u>
<u>\$ 500</u>	<u>\$ 39,432</u>
\$ -	\$ 264,198
-	11,468
-	<u>5,045</u>
<u>\$ -</u>	<u>\$ 280,711</u>
<u>\$ 500</u>	<u>\$ 320,143</u>
\$ 1,323	\$ 149,713
8,633	162,445
-	1,497
-	<u>5,157</u>
<u>\$ 9,956</u>	<u>\$ 318,812</u>
(\$ 9,456)	\$ 1,331

part of the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

STATEMENT OF SUPPORT, REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 1996

	<u>Current Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
<u>PUBLIC SUPPORT:</u>		
Contributions	\$ 3,926	\$ 35,006
Total Public Support	<u>\$ 3,926</u>	<u>\$ 35,006</u>
<u>REVENUES:</u>		
Federal Grant	\$ -	\$ 264,198
Program Service Fees	-	11,468
Miscellaneous	<u>5,045</u>	<u>-</u>
Total Revenues	<u>\$ 5,045</u>	<u>\$ 275,666</u>
Total Public Support & Revenues	<u>\$ 8,971</u>	<u>\$ 310,672</u>
<u>FUNCTIONAL EXPENSES:</u>		
Program Services-Hope Center	\$ -	\$ 148,390
Program Services-Hamilton House	-	153,812
Program Services-Bailey Hotel	-	1,497
Management & General	<u>5,157</u>	<u>-</u>
Total Functional Expenses	<u>\$ 5,157</u>	<u>\$ 303,699</u>
EXCESS (DEFICIENCY) OF PUBLIC SUPPORT & REVENUES OVER FUNCTIONAL EXPENSES	\$ 3,814	\$ 6,973

The accompanying notes are an integral

<u>Plant Funds</u>	<u>Total All Funds</u>
\$ -	\$ 67,704
-	20,355
-	31,924
-	445
4,000	4,000
15,417	15,417
3,448	3,448
37,412	37,412
98,121	98,121
149,070	149,070
<u>(69,844)</u>	<u>(69,844)</u>
<u>\$237,624</u>	<u>\$358,052</u>

\$ -	\$ 8,620
-	31,924
<u>-</u>	<u>5,000</u>
<u>\$ -</u>	<u>\$ 45,544</u>

\$ -	\$ 74,884
<u>237,624</u>	<u>237,624</u>
<u>\$237,624</u>	<u>\$312,508</u>
<u>\$237,624</u>	<u>\$358,052</u>

part of the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

BALANCE SHEET
JUNE 30, 1996

<u>ASSETS</u>	<u>Current Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
Cash	\$ 42,561	\$ 25,143
Grant Revenue Receivable	-	20,355
Due From Other Funds	-	31,924
Utility Deposit	50	395
Land	-	-
Vehicles	-	-
Furniture & Fixtures	-	-
Equipment	-	-
Building and Improvements	-	-
Construction In Progress	-	-
Less: Accumulated Depreciation	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 42,611</u>	 <u>\$ 77,817</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Bank Overdraft	\$ -	\$ 8,620
Due To Other Funds	16,121	15,803
Note Payable-Current	<u>-</u>	<u>5,000</u>
 Total Liabilities	 <u>\$ 16,121</u>	 <u>\$ 29,423</u>
Fund Equity:		
Fund Balance-		
Unreserved-Undesignated	\$ 26,490	\$ 48,394
Investment in Plant	<u>-</u>	<u>-</u>
 Total Fund Equity	 <u>\$ 26,490</u>	 <u>\$ 48,394</u>
 Total Liabilities and Fund Equity	 <u>\$ 42,611</u>	 <u>\$ 77,817</u>

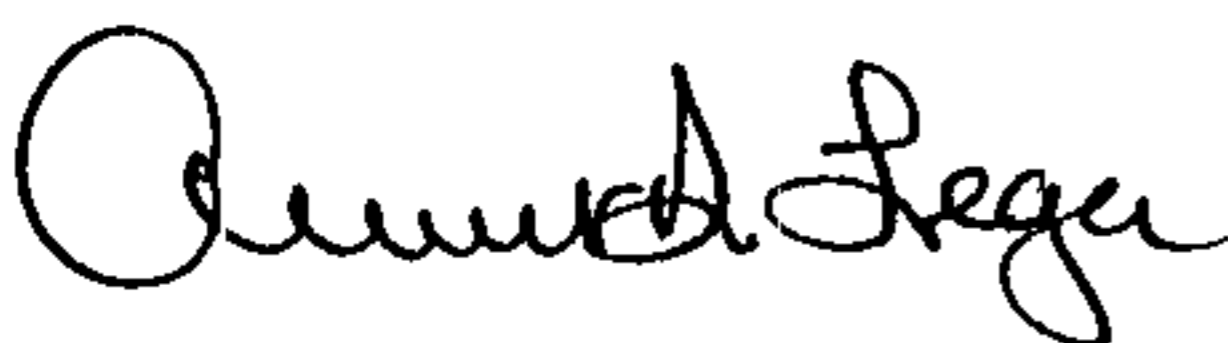
The accompanying notes are an integral

FINANCIAL STATEMENTS

Washington Street Hope Center, Inc.
Page 2

We noted certain immaterial instances of noncompliance that we have reported to the management of the Washington Street Hope Center, Inc. in a separate letter dated August 28, 1996.

This report is intended for the information of management, the Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to read "O. A. Lege". The signature is written in a cursive style with a large initial "O" and a long, sweeping underline.

Marksville, Louisiana
August 28, 1996



Albert R. Leger
CERTIFIED PUBLIC ACCOUNTANT
(A Professional Corporation)

P.O. BOX 25 • 133 E. WADDIL • MARKSVILLE, LA 71351 - 0025 • OFFICE: (318) 253-5660 • FAX (318) 253-8681

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,
REGULATIONS, CONTRACTS, AND GRANTS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to Washington Street Hope Center, Inc., is the responsibility of Washington Street Hope Center, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Washington Street Hope Center, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

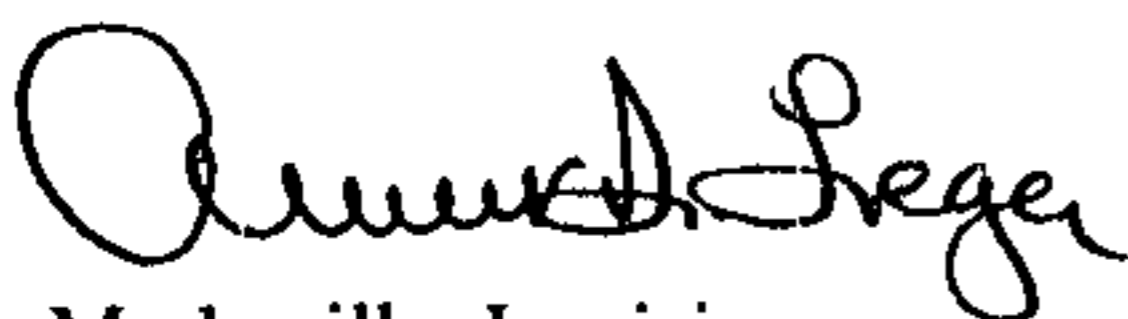
The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

In planning and performing our audit of the financial statements of the Washington Street Hope Center, Inc. for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operations that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the Washington Street Hope Center, Inc. in a separate letter dated August 28, 1996.

This report is intended for the information of the management, the Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Marksville, Louisiana
August 28, 1996



Albert R. Leger
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated August 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Washington Street Hope Center, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



Albert R. Leger
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

We have audited the accompanying balance sheet of Washington Street Hope Center, Inc. (a nonprofit organization) as of June 30, 1996 and the related statements of support, revenue, and expenses and changes in fund balances, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Washington Street Hope Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 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 Washington Street Hope Center, Inc. as of June 30, 1996, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

A handwritten signature in cursive script, reading "Albert R. Leger".

Marksville, Louisiana
August 28, 1996

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

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WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

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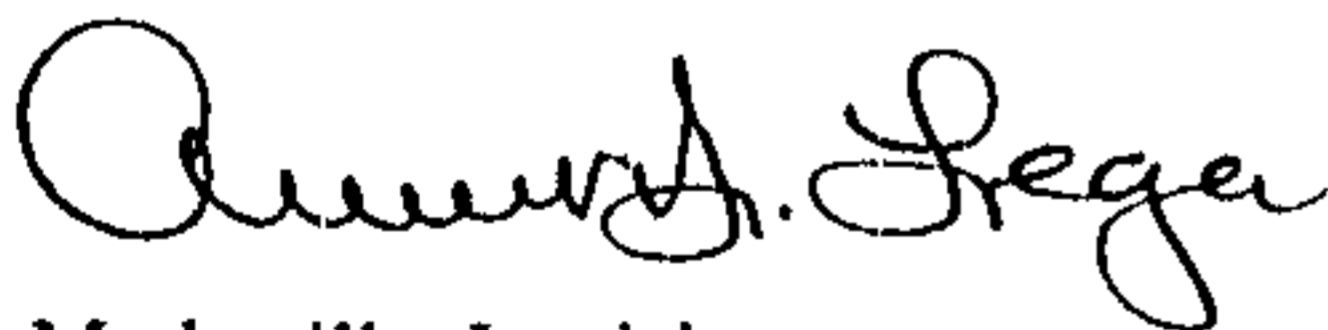
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The objectives of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, protection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate. Establishment and maintenance of adequate internal control is responsibility of the management.

Our study and evaluation of the Washington Street Hope Center, Inc.'s system of internal accounting control for the year ended June 30, 1996, made for the purpose set forth in the third preceding paragraph, would not necessarily disclose all weaknesses in the system.

We wish to take this opportunity to express our appreciation for the assistance and cooperation given our representatives during the course of our examination. We would be glad to discuss any questions concerning our comments and recommendations at your convenience.



Marksville, Louisiana

August 28, 1996

3) FINANCIAL MANAGEMENT AND BUDGET INTEGRATION

For the fiscal year ended June 30, 1996, the Washington Street Hope Center Inc's Hope Center program expenses in total are within total budgeted expenses; however, for each budgeted cost category the following is a summary of budget variances:

	<u>Actual</u> <u>Expense</u>	<u>Budgeted</u> <u>Expense</u>	<u>Over(Under)</u> <u>Budget</u>
Personal Services	\$ 86,119	\$ 84,870	\$ 1,249
Related Benefits	6,763	9,500	(2,737)
Operating Services	17,034	18,100	(1,066)
Supplies	16,445	13,641	2,804
Professional Service	<u>4,553</u>	<u>4,803</u>	<u>(250)</u>
	<u>\$130,914</u>	<u>\$130,914</u>	<u>\$ -</u>

We recommend that management periodically review its progress in meeting each program's financial objectives. When objectives need to be changed, management should make appropriate budget revisions.

4) ALLOWABLE PROGRAM EXPENSE

For the fiscal year ended June 30, 1996, Washington Street Hope Center, Inc.'s Hamilton House program paid \$500 for legal services related to the Bailey Hotel program. This expense is not necessary and reasonable for the proper administration of the Hamilton House program and, therefore, is in violation of allowable cost principles.

We recommend that management abide by allowable cost principles, which requires that federally assisted programs bear only their fair share of recognized costs.

The preceding comments arise primarily from a part of our examination wherein we reviewed Washington Street Hope Center, Inc.'s internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.



Albert R. Leger
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Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

MANAGEMENT LETTER

INTRODUCTION

Although not considered necessary for fair presentation of financial position, the following comments are presented primarily for the purpose of improving controls and management practices for the operations of the Washington Street Hope Center, Inc.

1) FIDELITY BOND COVERAGE

In reviewing the fiscal year ended June 30, 1996 insurance coverage for the corporation, we noted no fidelity bond coverage on officers, directors or employees, responsible for or authorization over funds of the corporation and no general liability or fire insurance coverage on the Bailey Hotel property.

We recommend management consider the purchase of such policies. These policies would protect the corporation from loss of funds in the event of irregularities and property losses and damages.

2) PAYROLL TAX OVERPAYMENTS

In reviewing and recomputing quarterly payroll reports for the fiscal year ended June 30, 1996, it was noted that on the state unemployment reports filed for the third and fourth quarter 1995 and the second quarter 1996 taxable wages and taxes due were incorrectly calculated resulting in a \$686 overpayment of taxes.

We recommend that caution be exercised when completing and filing these forms to avoid future overpayments.

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WASHINGTON STREET HOPE CENTER, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1996

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 FEB 19 1997

ALBERT R. LEGER, CPA
A PROFESSIONAL CORPORATION
133 E. WADDIL STREET
MARKSVILLE, LOUISIANA

97 JAN 2 AM 11:24