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BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995

111 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Bridge House Corporation (Bridge House) is chartered in the State of Louisiana as a non-profit organization without capital stock and provides treatment and long-term residential aftercare for individuals with drug and alcohol addictions. Bridge House is supported primarily through donor contributions and governmental contracts.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fixed Assets

The Corporation follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$100. Depreciation is computed on a straight-line basis over an estimated useful life ranging from three to five years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Change in Accounting Method

Financial Statement Presentation

In 1995, Bridge House adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, Bridge House is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Bridge House is required to present a statement of cash flows. As permitted by this new statement, Bridge House has discontinued its use of fund accounting and has, accordingly,

UNITED HOME CONSTRUCTION
STATEMENT OF RECEIPTS, EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1953

	Program Division		Supporting Services		Total
	Receipts	Expenses	Management and General	Plant Building	
Interest	\$ 66,842	\$ -	\$ 79,803	\$ -	\$ 146,645
Residual items	32,338	-	3,382	8,652	44,372
Total receipts and related expenses	99,180	-	83,185	8,652	191,027
Classifications					
Food raising	-	3,877	-	-	3,877
Vending machines	12,728	-	-	46,800	59,528
Fuel	47,793	-	-	-	47,793
Foodservice	8,133	-	-	-	8,133
Occupational services	86,054	-	-	-	86,054
Debit cards	71,000	-	-	-	71,000
Telephone	22,700	-	-	-	22,700
Travel	13,180	-	-	-	13,180
Utilities	46,800	-	-	-	46,800
Business	26,428	-	-	-	26,428
Household supplies	25,733	-	-	-	25,733
Auto	82,173	-	-	-	82,173
Maintenance and repairs	23,878	-	-	-	23,878
Program cost	11,333	-	-	-	11,333
Insurance	11,333	-	-	-	11,333
Stocks and bonds	3,308	-	-	-	3,308
Total expenses before depreciation	812,544	-	76,733	121,864	1,199,081
Depreciation of building and equipment	28,213	-	-	-	28,213
Total expenses	840,757	\$ -	76,733	121,864	1,275,224

See accompanying notes to financial statements

BARCELONAS COAST CONSTRUCTION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1993

	Program Services	Supporting Services		Total
		Management and General	Food Buying	
Salaries	438,448	71,228	158,828	668,504
Payroll taxes	37,322	6,372	1,852	45,546
Total salaries and related expenses	475,770	77,600	160,680	714,050
Client allotments	-	2,228	-	2,228
Rent relating	127,728	-	46,258	173,986
Wearing machine	45,798	-	-	45,798
Fuel	4,828	-	-	4,828
Professional services	84,312	-	-	84,312
Utilities	12,142	-	-	12,142
Telephone	128,224	-	-	128,224
Travel	12,718	-	-	12,718
Printing	17,968	-	-	17,968
Transportation	42,482	-	-	42,482
Automobile supplies	126,222	-	-	126,222
Meals	27,222	-	-	27,222
Maintenance and repairs	41,228	-	-	41,228
Program area	28,822	-	-	28,822
Depreciation	58,728	-	-	58,728
Supplies and taxes	3,222	-	-	3,222
Total expenses before depreciation	987,222	79,728	175,628	1,242,578
Depreciation of building and equipment	41,422	-	-	41,422
Total expenses	1,028,644	79,728	175,628	1,278,000

BRIDGE HOUSE CORPORATION
STATEMENTS OF CASH FLOWS
DECEMBER 31, 1996 AND 1995

	1996	1995
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Increase in net assets	\$ 114,957	\$ 99,533
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	43,477	38,214
Donated fixed assets included in support	(26,560)	-
(Increase) decrease in accounts receivable	(8,863)	(82,159)
(Increase) decrease in prepaid expenses	6,788	(4,231)
Increase (decrease) in accounts payable and accrued expenses	790	252
Net cash provided by operating activities	<u>128,229</u>	<u>70,619</u>
<u>CASH FLOWS USED BY INVESTING ACTIVITIES:</u>		
Increase in investments	-	(415)
Purchases of furniture, fixtures, and equipment	<u>(40,843)</u>	<u>(25,532)</u>
Net cash used by investing activities	<u>(40,843)</u>	<u>(25,947)</u>
<u>CASH FLOWS USED BY FINANCING ACTIVITIES:</u>		
Principal payments on notes payable	<u>(19,234)</u>	<u>(19,998)</u>
Net cash used by financing activities	<u>(19,234)</u>	<u>(19,998)</u>
Net increase in cash and cash equivalents	68,980	24,732
Cash and cash equivalents at beginning of period	<u>189,884</u>	<u>185,152</u>
Cash and cash equivalents at end of period	<u>\$ 258,864</u>	<u>\$ 209,884</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

To the Board of Directors
Bridge House Corporation
June 18, 1997
Page 3

During the year ended December 31, 1996, Bridge House Corporation expended 38% of its total federal awards under major federal award programs and the following nonmajor programs:

Department of Health and Human Services
Substance Abuse Treatment Conference Grants
Cooperative Agreements for Drug Abuse Treatment Improvement
in Target Cities

We performed tests of 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 each of Bridge House Corporation's major programs, which are identified in the accompanying Schedule of Federal Awards and the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

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 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 noncompliance with laws and regulations that would be material to a federal award program 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.

This report is intended for the information of the Board of Directors, management, all agencies which are required to receive this report, and those governments from which federal financial assistance was received, and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

June 18, 1997

Debra Kuntz, Carter & LaPorte per
Certified Public Accountants

BRIDGE HOUSE CORPORATION
NOTICE TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1994 AND 1993

13) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Method (Continued)

reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1995.

Contributions

Bridge House also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1995. Bridge House previously recorded promises to give in future periods as deferred revenue when it was notified of the promises and recognized promises as contributions in the period to which they related. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. As permitted by SFAS No. 116, Bridge House has retroactively applied the provisions of this new statement by restating net assets as of December 31, 1994. The implementation of this new statement had no effect on the change in net assets for 1995.

Donated Materials and Services

Donated materials are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the organization's program services and in its fund-raising campaigns.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to a program based on related salary expenses.

Income Tax Status

Bridge House is exempt from Federal income taxes as stated in Section 501(c)(3) of the Internal Revenue Code, and is not considered a private foundation.

Ernst, Kuentz, Carter & LaPorte, LLP
CERTIFIED PUBLIC ACCOUNTANTS
to the Board of Directors
Bridge House Corporation
June 18, 1997
Page 2

In planning and performing our audit of the financial statements of Bridge House Corporation for the years ended December 31, 1996 and 1995, 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 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 operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, all agencies required to receive this report. However, this report is a matter of public record, and its distribution is not limited.

June 18, 1997

Ernst, Kuentz, Carter & LaPorte ^{LLP}

Certified Public Accountants

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BRYAN J. LAPORTE, JR.

MEMBERSHIP INFORMATION

MEMBERSHIP INFORMATION
MEMBERSHIP INFORMATION
MEMBERSHIP INFORMATION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Bridge House Corporation
1188 Camp Street
New Orleans, Louisiana

We have audited the financial statements of Bridge House Corporation, a non-profit corporation, as of and for the years ended December 31, 1990 and 1991, and have issued our report thereon dated June 18, 1991.

We conducted our audit in accordance with generally accepted auditing standards, Louisiana Governmental Audit Guide, and Government Auditing Standards, issued by the Comptroller General of the United States. THESE standards 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 Bridge House Corporation 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 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, prediction 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.

To the Board of Directors
Bridge House Corporation
June 18, 1997
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated June 18, 1997, on our consideration of Bridge House Corporation's internal control structure and a report dated June 18, 1997, on its compliance with laws and regulations.

June 18, 1997

Ericksen, Kentel, Carter & LaPorte LLP

Certified Public Accountants

BRIDGE HOUSE CORPORATION
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1994

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursement of Expenses</u>
Department of Housing and Urban Development			
<u>Unity for the Homeless, Inc.</u>			
Supportive Housing Program	14.215	LA48294-0287	\$118,915 *
OTHER FEDERAL AWARDS NON-HOUSING PROGRAMS			
Department of Health and Human Services			
<u>Louisiana Department of Health and Hospitals, Office of Alcohol and Drug Abuse</u>			
Project Grants for Health Services to the Homeless	93.151	08-E-00102102	5,000
Substance Abuse Treatment Conference Grant	93.210	90-01-1A-ADMS-03	73,278
Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	93.196	9-8351	87,832
Federal Emergency Management Agency			
<u>United Way - City of New Orleans</u>			
Federal Emergency Management Food and Shelter Program	83.423	8-3458	3,421
U.S. Department of Agriculture			
<u>Louisiana Department of Agriculture</u>			
Commodity Supplemental Food Program	10.546	-	13,285
Department of Housing and Urban Development			
<u>Unity for the Homeless, Inc.</u>			
Innovative Homeless Initiative Demonstration Program	14.245	LA48294-0007	22,325
Total			<u>\$133,978</u>

* Major Program

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MEMBERSHIP LICENSES

LOUISIANA BOARD OF CPAs
ISSUED IN NOVEMBER, 1985

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL
AWARD PROGRAM TRANSACTIONS

To the Board of Directors
Bridge House Corporation
1180 Camp Street
New Orleans, Louisiana

We have audited the financial statements of Bridge House Corporation (a non-profit organization) as of and for the years ended December 31, 1986 and 1985, and have issued our report thereon dated June 18, 1987.

In connection with our audit of the financial statements of Bridge House Corporation, and with our consideration of the Corporation's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular #133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended December 31, 1986. As required by OMB Circular #133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than we would use if the objective of which is the expression of an opinion on the Bridge House Corporation's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of non-compliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Bridge House Corporation had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of non-compliance with those requirements.

This report is intended for the information of the Board of Directors, management and all agencies which are required to receive this report, and those governments from which Federal financial assistance was received. However, this report is a matter of public record, and its distribution is not limited.

June 18, 1987

Erickson, Krentel, Canton & LaPorte LLP

Certified Public Accountants

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MEMBER AICPA

CPA STATE BOARD FOR THE
STATE OF LOUISIANA 1997

**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF FEDERAL AWARDS**

To the Board of Directors
Bridge House Corporation
1169 Camp Street
New Orleans, Louisiana

We have audited the financial statements of Bridge House Corporation (a non-profit organization) as of and for the years ended December 31, 1996 and 1995, and have issued our report thereon dated June 18, 1997. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Code, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget (OMB) 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. We audit also include 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 conducted for the purpose of forming an opinion on the financial statements of Bridge House Corporation taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes 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.

June 18, 1997

Erickson, Kuntz, Canton & LaPorte

Certified Public Accountants

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1998 AND 1997

449 FIXED ASSETS AND DEPRECIATION (CONTINUED)

Depreciation expense for the year ended December 31, 1998 and 1997 was \$41,477 and \$38,214, respectively.

450 NOTES PAYABLE

Notes payable at December 31, 1998 and 1997 consisted of the following:

	Due Within One Year	Due After One Year	Due Within One Year	Due After One Year
--	------------------------	-----------------------	------------------------	-----------------------

Note payable to Ameresco Management, Inc., as Receiver for American Savings and Loan Association, secured by 1st mortgage on property located at 1143 Prynoria Street, New Orleans, Louisiana. Payable in monthly installments of \$1,217 which includes principal and interest. Interest accrues at 9.125% and the note matures June 30, 2009.	\$ 7,182	\$ 77,988	\$ 8,560	\$ 84,191
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Note payable to General Motors Acceptance Corporation, secured by 1994 Chevrolet truck. Payable in monthly installments of \$573 which includes principal and interest. Interest accrues at 18.50% and the note matures April 7, 1999.	\$ 834	1,691	\$ 700	\$ 670
--	--------	-------	--------	--------

Note payable to General Motors Acceptance Corporation, secured by 1992 Chevrolet truck. Payable in monthly installments of \$339 which includes principal and interest. Interest accrues at 8.90% and the note matures April 19, 1998.	-	-	1,003	-
--	---	---	-------	---

Note payable to General Motors Acceptance Corporation, secured by 1992 Chevrolet truck. Payable in monthly installments of \$544 which includes principal and interest. Interest accrues at 10.35 and the note matures April 23, 1997.	2,118	-	5,281	2,140
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	\$ 18,844	\$ 79,689	\$ 19,234	\$ 96,148
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STATE COMMISSION
OFFICE OF THE
AUDITOR AND
TREASURER

BRIDGE HOUSE CORPORATION

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

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 011 01 07

Erickson, Krentel, Cannon & LaPorte, LLP
CERTIFIED PUBLIC ACCOUNTANTS
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BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
PERIODS 11, 1994 AND 1995

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) STATEMENT OF CASH FLOWS SUPPLEMENTARY DISCLOSURES

Supplemental disclosures of cash flow information:

Cash paid during the year for:

	1994	1995
Interest	\$ 18,795	\$ 12,733

(3) CONTRACTS

Bridge House recognizes revenue arising from contracts with the State of Louisiana - Department of Health and Hospitals. Terms of the contracts provide for reimbursement of certain program costs up to specified maximum amounts.

In addition, Bridge House maintains several contracts with various Veteran's Administration districts whereby revenue is received on a per diem basis for each patient in the program.

No allowance has been made for uncollectible receivables as it has been Bridge House's experience that all contracts are collected in full.

(4) FIXED ASSETS AND DEPRECIATION

Depreciation of fixed assets is calculated on the straight-line basis over the estimated useful lives of the assets. The cost of such assets at December 31, 1994 and 1995 are as follows:

	1994	1995
Land and buildings	\$ 163,000	\$ 168,000
Furniture, fixtures and equipment	216,412	181,185
Building improvements	87,350	88,833
Automobiles	89,687	81,888
Computer software	7,408	-
	563,857	499,916
Less accumulated depreciation	(232,777)	(210,300)
	\$ 331,080	\$ 289,616

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INDEPENDENT AUDITORS' REPORT

Thomas J. Erickson
James J. Canton
James B. Krentel
Richard W. LaPorte
William W. Jackson, Jr.
Thomas H. Krentel
Charles H. Cantor

MEMBERSHIP FELLOWS

CPA LICENSE HOLDERS FOR THE
STATE OF LOUISIANA, 1995

To the Board of Directors
Bridge House Corporation
1160 Camp Street
New Orleans, Louisiana 70130

We have audited the accompanying statement of financial position of Bridge House Corporation (a non-profit organization) as of December 31, 1996 and 1995, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget (OMB) Circular A-133 "Audits of Institutions of Higher Education and Other Nonprofit Institutions". These 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 Bridge House Corporation as of December 31, 1996 and 1995, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1985 the Organization changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO SELECT
FEDERAL AWARD PROGRAMS**

To the Board of Directors
Bridge House Corporation
1180 Camp Street
New Orleans, Louisiana

We have audited the financial statements of Bridge House Corporation, a nonprofit organization, as of and for the years ended December 31, 1996 and 1995, and have issued our report thereon dated June 18, 1997.

We have also audited the compliance of Bridge House Corporation with the requirements concerning types of services allowed or unallowed; eligibility; matching; level of effort; or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1996. The management of Bridge House Corporation is responsible for the Corporation's 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 Office of Management and Budget (OMB) 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 the Corporation's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Bridge House Corporation complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended December 31, 1996.

BRIDGE HOUSE CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1994 AND 1993

	1994	1993
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 268,984	\$ 189,894
Accounts receivable	181,900	96,311
Prepaid expenses	22,631	29,425
Investments	1,194	1,194
Land, buildings, and equipment - at cost, less accumulated depreciation of \$281,777 in 1994 and \$218,809 in 1993 (Note 4)	311,088	285,118
Total assets	\$ 785,926	\$ 602,156
<u>LIABILITIES:</u>		
Accounts payable and accrued expenses	\$ 31,911	\$ 31,015
Notes payable (Note 5)		
Current portion	15,688	19,234
Long-term portion	16,223	14,781
Total liabilities	123,822	144,997
<u>NET ASSETS:</u>		
Restricted	571,724	457,159
Total net assets	571,724	457,159
Total liabilities and net assets	\$ 785,926	\$ 602,156

See accompanying NOTES TO FINANCIAL STATEMENTS

Erickson, Krentel, Carter & LaPorte, LLP
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Bridge House Corporation
June 18, 1993
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This report is intended for the information of the Board of Directors. However, this report is a matter of public record, and its distribution is not limited.

June 18, 1993

Erickson, Krentel, Carter & LaPorte *per*

Certified Public Accountants

BRIDGE HOUSE CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>UNRESTRICTED NET ASSETS</u>		
Public Support:		
Contributions		
State of Louisiana contracts	\$ 347,850	\$ 269,807
Veterans Administration contract	294,580	178,318
WMA Grant	200,940	259,510
City of New Orleans contract	3,421	1,749
Food stamps	5,000	5,000
Innovative Homeless Program contract	24,428	29,338
	<u>877,119</u>	<u>838,492</u>
Total unrestricted public support		
	<u>877,119</u>	<u>838,492</u>
Other Revenue:		
Client service fees	181,233	159,414
Wedding	18,056	26,873
Thrift store sales	363,659	320,335
Other income	5,203	3,792
	<u>488,351</u>	<u>480,014</u>
Total unrestricted other revenue		
	<u>488,351</u>	<u>480,014</u>
Total unrestricted public support and unrestricted other revenue	<u>1,365,470</u>	<u>1,318,506</u>
Expenses:		
Program Services	<u>1,023,722</u>	<u>978,679</u>
Supporting services:		
Management and general	78,761	94,708
Fund raising	175,498	121,508
	<u>254,259</u>	<u>216,216</u>
Total supporting services		
	<u>254,259</u>	<u>216,216</u>
Total expenses	<u>1,277,981</u>	<u>1,194,895</u>
Increase (decrease) in unrestricted net assets	87,489	123,611
Net assets, beginning of year	<u>463,169</u>	<u>339,558</u>
Net assets, end of year	<u>\$ 550,658</u>	<u>\$ 463,169</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1996 AND 1995

43) NOTES PAYABLE (CONTINUED)

Following are maturities of notes payable for each of the next five years:

	1997	\$ 10,848
	1998	8,955
	1999	8,813
	2000	9,413
	2001	10,330
Thereafter		41,158
		\$ 94,317

44) LEASES

Bridge House makes payments monthly for the use of four of its six treatment and housing facilities. Presently, Bridge House has no leases with the owners of these properties and these arrangements could be terminated at the discretion of either party to the rental agreements. Such termination could adversely affect the program treatment services of Bridge House. Rent expense for 1996 and 1995 was \$16,254 and \$105,700, respectively.

45) COMMODITY ASSISTANCE

Bridge House participated in the United States Department of Agriculture Food Distribution Program for the year ended December 31, 1996 and 1995. The program provides food commodities to Bridge House to use in the preparation of meals for clients of Bridge House. The value of the donated commodities was \$13,265 for the year ended December 31, 1996, and \$18,725 for the year ended December 31, 1995. These amounts are not listed as revenues or expenditures of the Operating Fund on the accompanying statement of activities.

46) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Bridge House to credit risk consist principally of trade receivables. Bridge House's policy is to not require these amounts to be collateralized.

Bridge House invests the majority of its excess cash in demand deposit accounts with Federally insured financial institutions located in New Orleans, Louisiana. The bank balances of the Corporation's demand deposit accounts in these banks exceeded the \$100,000 Federally insured limit by \$23,921 in 1996 and \$4,012 in 1995.