

8548

STATE OF MISSISSIPPI  
OFFICE OF THE ATTORNEY GENERAL  
JAN 17 11 03 AM '96

**OFFICIAL  
TAX COPY**  
**DO NOT SIGN OUT**  
State Treasury  
Control Unit, 100  
West Wall  
Tomb, N. 1111

ICHE HOUSE, INC.

**INDEPENDENT AUDITOR'S REPORT ON THE  
FINANCIAL STATEMENTS AND THE RELATED  
SINGLE AUDIT REPORTS FOR FISCAL  
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 auditor, 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 28 1997

**HOMERIDGE, INC.  
TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b>FINANCIAL STATEMENT AUDIT:</b>	
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE	2
STATEMENT OF REVENUE AND EXPENDITURES	3
STATEMENT OF CHANGES IN FUND BALANCE	4
NOTES TO THE FINANCIAL STATEMENTS	5
<b>SINGLE AUDIT:</b>	
INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL AWARDS	8
SCHEDULE OF FEDERAL AWARDS	9
NOTES TO THE SCHEDULE OF FEDERAL AWARDS	10
INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	11
INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS	13
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS	16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR PROGRAMS	17

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
LAW AND REGULATIONS, CONTRACTS, AND GRANTS  
BASED ON THE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS

18

## INDEPENDENT AUDITOR'S REPORT

---

To the Board of Directors of  
Hope House, Inc.

We have audited the accompanying statement of assets, liabilities, and fund balance of Hope House, Inc. (a nonprofit organization) as of June 30, 1996, and the related statements of revenue and expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of the Organization'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, "Audit 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 Hope House, Inc. as of June 30, 1996, and the results of operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 16, 1997, on our consideration of Hope House, Inc.'s internal control structure and a report dated January 16, 1997, on its compliance with laws and regulations.



Luther C. Speight & Company

New Orleans, Louisiana  
January 16, 1997

HOPE HOUSE, INC.

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE  
AS OF JUNE 30, 1998

ASSETS

Current Assets

Cash	\$	33,711
Investments (Note 2)		24,503
Grant Receivable		19,823
Due From Employees (Note 3)		<u>685</u>

Total Current Assets 78,722

Property and Equipment, Net (Note 4) 185,088

TOTAL \$ 263,810

LIABILITIES AND FUND BALANCE

LIABILITIES

Current Liabilities

Accounts Payable	\$	8,808
Taxes Payable		3,287
Current Portion of Notes Payable (Note 5)		<u>3,800</u>

Total Current Liabilities 15,895

Long-Term Portion of Notes Payable (Note 5) 8,580

Total Liabilities 24,475

FUND BALANCE 249,335

TOTAL \$ 263,810

HOPE HOUSE, INC.

STATEMENT OF REVENUE AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

---

REVENUE:

Grants	\$	181,650
Donations		144,207
Other Income		<u>29,078</u>
Total Revenue		354,935

EXPENDITURES:

Salaries, Wages, and Benefits	194,400
Direct Services to Clients	33,050
Repair & Maintenance	4,847
Rent	12,476
Supplies	4,321
Postage	2,980
Printing	4,580
Audit Fees	6,000
Insurance	15,040
Depreciation	10,824
Other Expenses	<u>20,817</u>
Total Expenditures	<u>286,317</u>

NET REVENUE OVER EXPENDITURES	\$	<u>68,618</u>
-------------------------------	----	---------------

See Note to the Financial Statements.

HOPE HOUSE, INC.

STATEMENT OF CHANGES IN FUND BALANCE  
AS OF JUNE 30, 1995

---

FUND BALANCE - JUNE 30, 1995	\$ 155,982
PRIOR PERIOD ADJUSTMENT	<u>(10,000)</u>
ADJUSTED FUND BALANCE - JUNE 30, 1995	145,982
NET MINUS (OVER) EXPENDITURES	<u>99,000</u>
FUND BALANCE - JUNE 30, 1996	\$ <u>244,982</u>

**HOPE HOUSE, INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED, JUNE 30, 1996**

---

**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 temporary 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 and the Office of Family Support. The case 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.



*Prospective Impact of Recently Issued Accounting Standards* - The Organization is currently analyzing Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, as pledges are currently recorded as the cash is received. This statement, which will be required to be implemented not later than the year beginning July 1, 1990 will result in the recognition of contributions on an accrual basis.

In June 1990, The Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-For-Profit Organizations*. SFAS No. 117 establishes standards for general purpose external financial statements provided by a not-for-profit organization in an effort to enhance the relevance, understandability, and comparability of the financial statements issued for those organizations. Management does not believe that this statement, which will be required to be implemented not later than the year beginning July 1, 1990, will have a material effect on the Organization's financial statements.

## 2. INVESTMENTS

The amortized cost and market value of investment securities are as follows as June 30, 1988:

	Amortized Cost	Market Value
Taxable Bonds	\$ 13,080	\$ 13,581
Mutual Fund	1,700	1,700
Common Stock	7,750	10,000
TOTAL	\$ 22,530	\$ 25,281

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

## 3. DUE FROM EMPLOYEES

The Organization has several outstanding loans with various employees, ranging from fifty (\$50) to six (\$600) hundred dollars in amount. These loans have no stated rate of interest or specified payback period.

4. **PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 1996:

Land	\$	57,800
Buildings and Leasehold Improvements		140,392
Furniture, Fixtures, and Equipment		17,891
Vehicles		<u>22,078</u>
		238,161
Less Accumulated Depreciation		<u>54,933</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>183,228</u></b>

5. **NOTE PAYABLE**

Note payable as June 30, 1996 consist of:

1%, Note payable in monthly installments of \$250 (principal and interest), with final payment of \$1,529 due November 30, 1999.

This note payable is to be repaid through proceeds from private donations. The note has been paid down through June 30, 1996, and is not in default.

The principal payments due on the note payable are as follows:

YEARS ENDING JUNE 30,		PRINCIPAL AMOUNT OF NOTE TO BE LIQUIDATED
1997	\$	3,000
1998		3,000
1999		3,000
2000		2,500
<b>TOTAL</b>	<b>\$</b>	<b>11,500</b>



## INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS

---

To the Board of Directors of  
Hope House, Inc.

We have audited the financial statements of Hope House, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated January 16, 1997. These financial statements are the responsibility of the Organization'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 conducted for the purpose of forming an opinion on the basic financial statements of Hope House, Inc. 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.



Luther C. Sprague & Company

New Orleans, Louisiana  
January 16, 1997

NOPE HOUSE, INC.

SCHEDULE OF FEDERAL AWARDS  
FOR THE GRANT PERIOD ENDED JUNE 30, 1996

Federal Grant or Pass Through Grant	Federal CFDA Number	Expended
Dept. of Housing & Neighborhood Development	14.215	\$ 24,580
Dept. of Housing & Neighborhood Development	56A	7,512
UNITY for the Homeless Emergency Shelter Grant	85.523	80,800
Dept. of Education Federal Domestic Assistance	84.802	12,429
Dept. of Social Services/ Office of Family Support	83.599	<u>38,720</u>
Total		\$ <u>164,041</u>

See Notes to the Financial Statements.

**HOPE HOUSE, INC.**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS  
FOR THE GRANT PERIOD JULY 1, 1992 TO JUNE 30, 1996**

**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 transitional 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 and the Office of Family Support. The case 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 the Federal Emergency Management Agency 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.

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

To the Board of Directors of  
Hope House, Inc.

We have audited the financial statements of Hope House, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated January 10, 1997.

We conducted our audit 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 reasonable assurance about whether the financial statements are free of material misstatement.

The management of Hope House, 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 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 recorded 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.

In planning and performing our audit of the financial statements of Hope House, 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.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

We consider the Organization's inability to have the audit of their 1996 financial statements engaged, completed, or issued within six months of the close of the entity's fiscal year a reportable condition as described above.

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.

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

This report is intended for the information of the Board of Directors, management, and the City of New Orleans. However, this report is a matter of public record, and its distribution is not limited.



Luther C. Spright & Company

New Orleans, Louisiana  
January 16, 1997



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
USED IN ADMINISTERING FEDERAL AWARDS**

---

To the Board of Directors of  
Hope House, Inc.

We have audited the financial statements of Hope House, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated January 16, 1997.

We conducted our audit in accordance with generally accepted auditing standards, *Comptroller 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 the financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of Hope House, Inc. in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of Hope House, Inc. 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 internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated January 16, 1997.

The management of Hope House, 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 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, 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 award programs in the following categories:

#### Accounting Controls:

- Grant Revenues and Cash Receipts.
- Purchases and Cash Disbursements.
- General Ledger and Financial Reporting.
- Grant Accounting.

#### Controls used in administering compliance with Laws and Regulations:

##### General Requirements:

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reporting
- Allowable Costs/Cost principles
- Drug-Free Workplace
- Administrative Requirements

##### Specific Requirements:

- Types of services
- Eligibility
- Matching, level of effort or costsharing.
- Advances and reimbursement
- Amounts claimed or used for matching as determined by the OMB Circulars A-21 and other applicable costs principles or regulations that are applicable to each of its major programs.
- Reporting

For all of the internal control structure categories listed in the preceding paragraph, 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, Hope House, Inc. had no major federal award programs and expended 100% of its total federal awards under nonmajor programs.

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 the aforementioned nonmajor programs. 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.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Organization's ability to administer federal award programs in accordance with applicable laws and regulations.

We believe that the Organization's inability to have the audit of their 1996 financial statements prepared, completed or issued within six months of the close of the entity's fiscal year is a reportable condition as described above.

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 non-compliance 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.

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 be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, and the City of New Orleans. However, this report is a matter of public record, and its distribution is not limited.



Arthur C. Spohn & Company

New Orleans, Louisiana  
January 16, 1997

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL  
REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS**

---

To the Board of Directors of  
Hope House, Inc.

We have audited the financial statements of Hope House, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated January 16, 1997.

We have applied procedures to test the compliance of Hope House, Inc. with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996:

- Political Activity
- Cash Management
- Civil rights
- Federal Financial Reporting
- Drug-Free Workplace
- Administrative requirements
- Allowable Costs/Cost Principles

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Hope House, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Hope House, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors, management, and the City of New Orleans. However, this report is a matter of public record, and its disclosure is not limited.



Luther C. Spright & Company

New Orleans, Louisiana  
January 16, 1997

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC  
REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM  
TRANSACTIONS**

---

To the Board of Directors of  
Hope House, Inc.

We have audited the financial statements of Hope House, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated January 16, 1997.

In connection with our audit of the financial statements of Hope House, Inc. and with our consideration of the Organization's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility, that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Hope House, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance 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 Hope House, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Directors, management, and the City of New Orleans. However, this report is a matter of public record, and its distribution is not limited.



Luther C. Spright & Company

New Orleans, Louisiana  
January 16, 1997

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

To the Board of Directors of  
Hope House, Inc.

We have audited the financial statements of Hope House, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated January 16, 1997.

We conducted our audit in accordance with generally accepted auditing standards 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.

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

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in Hope House, Inc.'s 1996 financial statements.

Hope House, Inc.'s audit was not engaged, completed or issued within six months of the close of the entity's fiscal year. This is in direct noncompliance with State Law Louisiana revised Statute 24:513 which requires that the audit be completed and issued within six months of the close of the entity's fiscal year.

We considered these instances of noncompliance in forming our opinion on whether Hope House, Inc.'s 1996 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated January 16, 1997, on these financial statements.

This report is intended for the information of the Board of Directors management, and the City of New Orleans. However, this report is a matter of public record, and its distribution is not limited.



Luther C. Speight & Company

New Orleans, Louisiana

January 16, 1993