

In accordance with Government Auditing Standards, I have also issued a report dated December 20, 1996, on my consideration of Unity Railway House of Kogalusa, Inc.'s internal control structure and a report dated December 20, 1996 on its compliance with laws and regulations.

Jerry J. Mack

December 26, 1996

TRUST BALTICRY HOUSE OF HOSIERS, INC.
STATEMENT OF FINANCIAL POSITION
 June 30, 1956

ASSETS	
Cash	\$ 773
Due from state contract	23,098
Prepaid expenses	2,913
Deposits	2,913
Equipment and furniture	<u>7,802</u>
TOTAL ASSETS	<u>\$ 38,499</u>
 LIABILITIES	
Bank overdrafts	\$ 6,500
Accounts payable	3,337
Payroll taxes payable	24,358
Other accrued liabilities	<u>38,612</u>
TOTAL LIABILITIES	74,807
 NET DEFICIT	
Unrestricted	(43,749)
Temporarily restricted	-
Permanently restricted	<u>7,573</u>
TOTAL NET DEFICIT	(36,176)
TOTAL LIABILITIES AND NET DEFICIT	<u>\$ 38,499</u>

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

UNITY HOSPITAL HOUSE OF HOUSHUSA, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 1986

UNRESTRICTED NET ASSETS

Revenue and support	
state contract	\$ 149,758
client contributions	5,581
Donations	1,268
Interest income	28
TOTAL UNRESTRICTED REVENUE AND SUPPORT	<u>156,635</u>

Net assets released from restrictions	
Restrictions satisfied by payments	<u>1,581</u>
TOTAL UNRESTRICTED REVENUE, SUPPORT AND RECLASSIFICATIONS	<u>158,152</u>

Expenses	
Personal services	188,462
Travel	739
Operating services	38,924
Operating supplies	8,636
Professional services	8,879
Other	<u>8,982</u>
TOTAL EXPENSES	<u>253,582</u>

(DECREASE) IN UNRESTRICTED NET ASSETS (7,430)

PERMANENTLY RESTRICTED NET ASSETS

Net assets released from restrictions	
Restrictions satisfied by payments	<u>1,581</u>

**(DECREASE) IN PERMANENTLY RESTRICTED
NET ASSETS** (____ 1,581)

(DECREASE) IN NET ASSETS (8,991)

NET DEFICIT AT BEGINNING OF YEAR (____ 23,175)

NET DEFICIT AT END OF YEAR (\$ 36,162)

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

UNITED MILITARY HOUSE OF HOUSATONIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 1988

	<u>Program Services</u>
Personal Services	
Salaries	\$ 98,614
Payroll taxes	<u>18,888</u>
	<u>117,502</u>
Travel	
In-state field travel	<u>728</u>
Operating Services	
Advertising	109
Dues and subscriptions	551
Insurance	6,622
Maintenance - automotive	2,423
Maintenance - other	2,878
Miscellaneous	759
Postage	348
Rent	18,608
Telephone	2,583
Utilities	<u>8,488</u>
	<u>38,928</u>
Operating Supplies	
Office	2,318
Food	5,819
Household	<u>2,502</u>
	<u>10,639</u>
Professional Services	
Accounting and auditing	8,770
Legal	<u>100</u>
	<u>8,870</u>
Other	
Depreciation	2,094
Interest and penalties	<u>2,858</u>
	<u>4,952</u>
TOTAL EXPENSES	<u>\$ 165,591</u>

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

UNITY HALFWAY HOUSE OF BOGALUSA, INC.
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 1988

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	(\$ 8,880)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,896
(Increase) decrease in operating assets	
Due from state contract	(7,338)
Prepaid expenses	38
Increase (decrease) in operating liabilities:	
Bank overdrafts	6,559
Accounts payable	2,305
Accrued payroll	(3,738)
Payroll taxes payable	382
Other accrued liabilities	—3,285
NET CASH USED BY OPERATING ACTIVITIES	(2,887)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of equipment and furniture	(—3,279)
NET CASH USED BY INVESTING ACTIVITIES	(3,279)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on note payable	(—3,452)
NET CASH USED BY FINANCING ACTIVITIES	(—3,452)
NET DECREASE IN CASH	(9,624)
CASH AT BEGINNING OF YEAR	—8,187
CASH AT END OF YEAR	\$—173

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

UNITY HALFWAY HOUSE OF BOSSALOMA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Unity Halfway House of Bossaloma, Inc. (the "Organization") was organized to provide a long-term structured therapeutic residence for detoxified adult female substance abusers who are economically unable to obtain needed residence elsewhere. The Organization entered into a contract with the State of Louisiana, Department of Health and Hospitals, Office of Human Services, to provide up to 3 beds to the Division of Alcohol and Drug Abuse on a referral basis. Payments under this contract are made on a cost reimbursement basis.

Basis of Accounting

The financial statements of Unity Halfway House of Bossaloma, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Organization 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Equipment and Furniture

Equipment and furniture are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

UNITY HALFWAY HOUSE OF BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - CONTINUED

Income Taxes

The organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted or restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE B - CONTINGENCY - GOING CONCERN

During the year ended June 30, 1998, the Organization received approximately 94% of its support from a cost reimbursement contract with the State of Louisiana, Department of Health and Hospitals, Office of Alcohol and Drug Abuse. The amount of this contract was \$149,998. The cost reimbursement contract has been reduced to \$108,000 for the year ending June 30, 1997. In addition, at June 30, 1998, the Organization's total liabilities exceeded its total assets by \$30,149. These factors create an uncertainty about the Organization's ability to continue as a going concern. Management of the Organization has obtained short term financing, eliminated certain jobs and reduced the number of hours of other personnel. The ability of the organization to continue as a going concern is dependent upon its ability to obtain adequate support. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

UNITY HALFWAY HOUSE OF SCHULERS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - EQUIPMENT AND FURNITURE

Equipment and furniture consist of the following:

Automotive equipment	\$ 4,025
Household equipment	10,223
Office equipment	4,215
	<u>24,458</u>
Accumulated depreciation	(16,626)
	<u>\$ 7,832</u>

All assets purchased with funds received from the Division of Alcohol and Drug Abuse become property of the State of Louisiana upon termination of the contract.

NOTE D - OPERATING LEASE

The Organization conducts its operations from a leased facility under a one year operating lease expiring November 12, 1990. This lease provides for monthly payments of \$500 and a one year option to renew with terms to be re-negotiated.

NOTE E - OTHER LIABILITIES

At June 30, 1994, the Organization owed the Internal Revenue Service (IRS) \$25,154 for social security and federal withholding taxes. This amount represents liabilities due on Forms 941, "Employer's Quarterly Federal Tax Return", for the quarters ended March 31, 1992, June 30, 1992, September 30, 1992, December 31, 1992 and March 31, 1993. In addition, approximately \$25,000 in penalties and interest is owed to the IRS on these returns. In May, 1994, the IRS placed these amounts in a temporary file to withhold collection. However, these amounts have not been forgiven and the IRS retains the right to collect them in the future.

Also, at June 30, 1994, the Organization owed the IRS approximately \$10,400 in penalties and interest for failure to timely file Forms 990, "Return of Organization Exempt From Income Tax", for years ended June 30, 1991 and 1992.

These penalties and interest are included in accrued liabilities on the statement of financial position.

UNITY HALFWAY HOUSE OF BOSSALOMA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F - SUPPORT CONCENTRATION

Approximately 50% of the Organization's support is from a cost reimbursement contract with the State of Louisiana, Department of Health and Hospitals, Office of Alcohol and Drug Abuse. This contract must be renewed on an annual basis. See note B.

SUPPLEMENTARY INFORMATION



The CPA means "Certified Public Accountant."

Telephone: 504-833-5911

Fax: 504-833-4488

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

To the Board of Directors of
Unity Halfway House of Bogalusa, Inc.

I have audited the financial statements of Unity Halfway House of Bogalusa, Inc. (a nonprofit organization) as of and for the year ended June 30, 1994, and have issued my report thereon dated December 28, 1994. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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". These standards and OMB Circular A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Unity Halfway House of Bogalusa, 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 my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

December 28, 1994

UNITY HALFWAY HOUSE OF BOCALEON, INC.
 SCHEDULE OF FEDERAL AGENCIES
 Year Ended June 30, 1968

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency's Number	Program or Award Amount
MAJOR PROGRAMS			
Passed Through Louisiana Department of Health and Hospitals			
Division of Alcohol and Drug Abuse Contract	93.959	351	<u>\$ 189,500</u>
TOTAL DEPARTMENT OF HEALTH AND HOSPITALS			<u>\$ 189,500</u>

Accrued or
(Deferred)
Revenue at
July 1, 1958

Receipts or
Revenue
Recognized

Disbursements/
Expenditures

Accrued or
(Deferred)
Revenue at
June 30, 1958

\$ -

\$ 149,738

\$ 149,738

\$ -

\$ -

\$ 149,738

\$ 149,738

\$ -



Member, State of New York, Chartered Accountants

Telephone: 361-8911 (3000)
Fax: 361-8911-8888

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

To the Board of Directors of
Unity Halfway House of Bopalusa, Inc.

I have audited the financial statements of Unity Halfway House of Bopalusa, Inc. (a nonprofit organization) as of and for the year ended June 30, 1994, and have issued my report thereon dated December 26, 1994. In my report, an explanatory paragraph was added because there is substantial doubt about the Organization's ability to continue as a going concern.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Unity Halfway House of Bopalusa, 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 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.

In planning and performing my audit of the financial statements of Unity Halfway House of Bopalusa, Inc. for the year ended June 30, 1994, I obtained an understanding of the internal control structure. With respect to the internal control structure, I

obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

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

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.

My 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, I noted the following matter involving the internal control structure and its operation that I consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the financial statements of Unity Halfway House of Bogalusa, Inc. for the year ended June 30, 1996.

The size of the Organization's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control. However, it would not be cost beneficial for Unity Halfway House of Bogalusa, Inc. to change its present system.

This report is intended for the information of the board of directors, management, Louisiana Department of Health and Hospitals and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

James F. Hank

December 26, 1996



The CPA Name Underneath the Logo?

Telephone: 504-833-5991

Fax: 504-833-8888

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

To the Board of Directors of
Unity Halfway House of Bogalusa, Inc.

I have audited the financial statements of Unity Halfway House of Bogalusa, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated December 26, 1996. In my report, an explanatory paragraph was added because there is substantial doubt about the Organization's ability to continue as a going concern. I have also audited the compliance of Unity Halfway House of Bogalusa, Inc. with requirements applicable to major federal award programs and have issued my report thereon dated December 26, 1996.

I conducted my 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 (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Organization complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing my audit for the year ended June 30, 1996, I considered the internal control structure of Unity Halfway House of Bogalusa, Inc. in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements of Unity Halfway House of Bogalusa, Inc. 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 my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. I have addressed internal control structure policies and procedures relevant to my audit of the financial statements in a separate report dated December 26, 1996.

The management of Unity Railway House of Bogalusa, 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, I have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

- Cash
- Support and receivables
- Expenses for goods and services and accounts payable
- Payroll and related liabilities
- Property and equipment
- Debt and other liabilities
- Government financial assistance programs
 - General Requirements
 - Political activity
 - Civil rights
 - Cash management
 - Allowable costs/cost principles
 - Drug-free Workplace Act
 - Specific Requirements
 - Types of services allowed or unallowed
 - Claims for advances and reimbursements

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

During the year ended June 30, 1994, Unity Railway House of Bogalusa, Inc. expended 100% of its total federal awards under major federal award programs.

I performed tests of controls, as required by GSA Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I 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 the organization's major Federal award programs, which are identified in the accompanying Schedule of Federal Awards. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

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

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 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.

My 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. However, I noted the following matter involving the internal control structure and its operation that I consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in my audit of the compliance of Unity Halfway House of Bogalusa, Inc. with requirements applicable to its major Federal award programs for the year ended June 30, 1996, and this report does not affect my report thereon dated December 26, 1995.

The size of the organization's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control. However, it would not be cost beneficial for Unity Halfway House of Bogalusa, Inc. to change its present system.

This report is intended for the information of the board of directors, management, Louisiana Department of Health and Hospitals and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Jerry J. Hawk

December 26, 1996

JERRY L. HECK

Certified Public Accountant

Post Office Box 305

Columbus, LA 70444

(CPA)

The CPA, Never Undermines The Public!

Telephone: 544-891-3885

Fax: 544-891-4888

**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
Unity Halfway House of Bogalusa, Inc.

I have audited the financial statements of Unity Halfway House of Bogalusa, Inc. (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued my report thereon dated December 28, 1998. In my report, an explanatory paragraph was added because there is substantial doubt about the organization's ability to continue as a going concern.

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

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

This report is intended for the information of the board of directors, management, Louisiana Department of Health and Hospitals and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Jerry L Heck

December 28, 1998



TrustEE, Non-Profit/Not-for-Profit

Telephone: 564-893-5991

Fax: 564-893-4868

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

To the Board of Directors of
Unity Halfway House of Bogalusa, Inc.

I have audited the financial statements of Unity Halfway House of Bogalusa, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated December 26, 1996. In my report, an explanatory paragraph was added because there is substantial doubt about the Organization's ability to continue as a going concern.

I have also audited the compliance of Unity Halfway House of Bogalusa, Inc. with the requirements governing types of services allowed or unallowed and claims for advances and reimbursements 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 June 30, 1996. The management of Unity Halfway House of Bogalusa, Inc. is responsible for the Organization's compliance with these requirements. My responsibility is to express an opinion on compliance with these requirements based on my audit.

I conducted my audit of compliance with these 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". These standards and OMB Circular A-133 require that I 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 organization's compliance with these requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, Unity Halfway House of Bogalusa, Inc. 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 June 30, 1996.

This report is intended for the information of the board of directors, management, Louisiana Department of Health and Hospitals and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Jerry S. Hank

December 26, 1990



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

To the Board of Directors of
Unity Halfway House of Bogalusa, Inc.

I have audited the financial statements of Unity Halfway House of Bogalusa, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated December 16, 1996. In my report, an explanatory paragraph was added because there is substantial doubt about the Organization's ability to continue as a going concern.

I have applied procedures to test the compliance of Unity Halfway House of Bogalusa, 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, civil rights, cash management, allowable costs/cost principles, and Drug-Free Workplace Act.

My 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". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Unity Halfway House of Bogalusa, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my 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 my attention that caused me to believe that Unity Halfway House of Bogalusa, Inc. had not complied, in all material respects, with these requirements. Also, the results of my procedures did not disclose any material instances of noncompliance with these requirements.



The CPA. Always Understands The "What?"

Telephone: 504-897-3111
Fax: 504-897-4038

PRIOR YEAR MANAGEMENT LETTER COMMENTS

To the Board of Directors of
Trinity Halfway House of Bogalusa, Inc.

My management letter comments for the year ended June 30, 1995 and the status of these comments at June 30, 1996 follows:

Contract Compliance

Your contract with the State of Louisiana, Department of Health and Hospitals, Office of Alcohol and Drug Abuse (Attachment # 1, page 3, Item 1) requires that "in all cases, invoices requesting reimbursement of expenses shall be paid only after the expense has been paid by the provider". Expenses (personal services of \$3,735.19 and related benefits of \$217.31) incurred in June, 1995, but not paid by you until July, 1995 were included in your June, 1995 request for reimbursement. The Organization should pay all expenses before including them on invoices requesting reimbursement.

Status at June 30, 1996

During the year ended June 30, 1996, it appears that expenses were paid before including them on invoices submitted for reimbursement.

Insurance

There was no employee dishonesty insurance coverage at June 30, 1995. Trinity Halfway House of Bogalusa, Inc. should maintain employee dishonesty coverage on those individuals authorized to handle cash or food stamps, make deposits, sign checks or otherwise manage the funds of the Organization.

Status at June 30, 1996

At June 30, 1996, the Organization had an employee dishonesty bond covering its employees.

Organizational Structure

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the organization to provide oversight and independent review functions.

Status at June 30, 1996

Based on procedures performed, it appears that the Board of Directors is more actively involved in management of the Organization.

Budgets

For the year ended June 30, 1996, a budget was submitted to the State of Louisiana, Department of Health and Hospitals (DHH), Office of Alcohol and Drug Abuse presenting the total budget amount required, the amount of the budget requested from DAA and the portion of the budget to be provided by other sources. The DAA portion of the budget was subsequently amended but, the other part of the budget was not amended. All portions of the budget should be amended during the year as circumstances change.

Proper budget preparation and use can be a valuable management tool for monitoring the financial activities of the organization.

Status at June 30, 1996

Management did not feel that the portion of the budget to be provided by other sources required amending during the year ended June 30, 1996.

I appreciate the courtesies extended to me by Mrs. Athrin Jefferson and your staff during my audit.

This letter is intended for the information of the board of directors, management, Louisiana Department of Health and Hospitals and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Jerry A. Hank

December 26, 1996

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UNITED HALFWAY HOUSE OF BOSSALONA, INC.

FINANCIAL STATEMENTS

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.

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Telephone: 584-891-7001
Fax: 584-891-4008

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Unity Halfway House of Bogalusa, Inc.

I have audited the accompanying statement of financial position of Unity Halfway House of Bogalusa, Inc. (a nonprofit organization) as of June 30, 1998, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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". These standards and OMB circular A-133 require that I 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 statements' presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Unity Halfway House of Bogalusa, Inc. as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note B to the financial statements, the Organization suffered a significant reduction in the cost reimbursement contract and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.