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FINANCIAL STATEMENTS AND
AUDITOR'S REPORT

GRACE HOUSE OF NEW ORLEANS, INC.

December 31, 1986

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the suspect, or accused, entity and other appropriate public officials. The report is available for public inspection at the State House of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-21-96

GRACE HERRICK OF NEW ORLEANS, INC.

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	4
BALANCE SHEET	6
STATEMENT OF PUBLIC SUPPORT, REVENUE AND EXPENSES	7
STATEMENT OF CHANGES IN FUND BALANCES	8
STATEMENT OF FUNCTIONAL EXPENSES	9
STATEMENT OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11
SUPPLEMENTAL INFORMATION	
STATEMENT OF SUPPORT, REVENUE AND EXPENSES BY PROGRAM	17
STATEMENT OF EXPENDITURES - EMERGENCY SHELTER GRANT PROGRAM	18
STATEMENT OF EXPENDITURES - HIV/AIDS HEALTH CARE PROGRAM	19
STATEMENT OF EXPENDITURES - HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	20
INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS	21
SCHEDULE OF FEDERAL AWARDS	22
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH MANAGEMENT AUDITING STANDARDS	24
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GAO CIRCULAR A-133	26

GRACE HOUSE OF NEW ORLEANS, INC.

TABLE OF CONTENTS - CONTINUED

	PAGE
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GENERALLY APPLICABLE STANDARDS</u>	29
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARDS PROGRAMS	33
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARDS PROGRAMS	33
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD FEDERAL TRANSACTIONS	36
STATE OF PRIOR AUDIT FINDINGS	37

John C. Todd, Jr., C.P.A., Ph.D.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Grace House of New Orleans, Inc.

I have audited the accompanying balance sheet of Grace House of New Orleans, Inc. (a non-profit corporation) as of December 31, 1985, and the related statements of public support, revenue and expenses, changes in fund balances, statement of functional expenses and statement of cash flows, for the year then ended. These financial statements are the responsibility of the corporation'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 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.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the financial position of Grace House of New Orleans, Inc. as of December 31, 1985, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

GRACE HOUSE OF HOA OCEANS, INC.

BALANCE SHEET

December 31, 1993

	Unrestricted Funds	Restricted Funds	Property and Equipment Fund	Total	
				1993	Reservations Only 1994
ASSETS					
Cash in bank and on hand	\$ 20,985	\$ 118	\$ -	\$ 20,988	\$ 4,218
Due from restricted funds	5,088	-	-	5,088	49,267
Due from funding agencies (Note B)	-	118,476	-	118,476	49,267
Prepaid deposit (Note C)	-	-	187,000	187,000	-
Property and equipment - at cost (Note A-5)	-	-	44,976	44,976	42,899
Less accumulated depreciation	-	-	(21,379)	(21,379)	(28,118)
Construction in progress (Note D)	-	-	68,266	68,266	-
Prepaid expenses	<u>580</u>	<u>-</u>	<u>-</u>	<u>580</u>	<u>-</u>
	\$ <u>26,563</u>	\$ <u>118,594</u>	\$ <u>273,681</u>	\$ <u>325,834</u>	\$ <u>126,385</u>
Notes payable - banks	\$ -	\$ -	\$ -	\$ -	\$ 10,400
Notes (Note E)	1,878	-	-	1,878	-
Accounts payable and accrued liabilities	9,242	-	-	9,242	29,889
Due to unrestricted funds	-	5,088	-	5,088	49,267
Deferred revenue (Note F)	-	113,788	-	113,788	9,826
Fund balance	<u>19,445</u>	<u>-</u>	<u>273,681</u>	<u>293,126</u>	<u>31,033</u>
	\$ <u>26,563</u>	\$ <u>118,594</u>	\$ <u>273,681</u>	\$ <u>325,834</u>	\$ <u>126,385</u>

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

GRACE HOUSE OF NEW ORLEANS, INC.

STATEMENT OF PUBLIC SUPPORT, REVENUE AND EXPENSES

For the year ended December 31, 1990

	Unrestricted Funds	Restricted Funds	Property and Equipment Fund	Total	
				1990	Memorandum Only 1989
PUBLIC SUPPORT AND REVENUE					
PUBLIC SUPPORT					
Contributions	\$ 7,500	\$ 21,445	\$ -	\$ 28,945	\$ 18,145
United Way	25,077	-	-	25,077	25,400
Fund raisers	14,512	-	-	14,512	9,820
Total public support	47,089	21,445	-	68,534	53,370
REVENUE					
Program service fees	20,872	-	-	20,872	21,020
Fees and grants from governmental agencies	-	518,573	-	518,573	298,000
Miscellaneous	1,309	-	-	1,309	228
Total revenue	22,181	518,573	-	540,754	321,248
Total public support and revenue	69,270	540,018	-	609,288	381,128
EXPENSES					
Program services	-	258,183	3,370	261,553	188,150
Support services Management and general	48,022	33,601	2,183	83,806	72,532
Total expenses	48,022	291,784	5,553	345,359	260,682
EXCESS DEFICIENCY OF PUBLIC SUPPORT AND REVENUE OVER EXPENSES	\$ 21,248	\$ 248,234	\$ (5,553)	\$ 263,924	\$ 120,446

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

GRACE HOUSE OF NEW ORLEANS, INC.
 STATEMENT OF CHANGES IN FUND BALANCES
 For the year ended December 31, 1999

	Unrestricted Funds	Restricted Funds	Property and Equipment Fund	Total	
				1999	1998
Fund balance, at January 1, 1999	\$ 6,250	\$ -	\$ 26,784	\$ 33,033	\$ 9,819
Fixed asset additions	(3,877)	-	3,877	-	-
Fixed assets donated	-	-	-	-	3,880
Building depreci	-	(187,080)	187,080	-	-
Construction in progress	(5,080)	(64,284)	69,284	-	-
Excess (deficiency) of public support and revenue over expenses	21,272	251,284	(8,161)	264,395	23,018
Fund balance, at December 31, 1999	\$ 13,445	\$ -	\$ 278,981	\$ 292,426	\$ 33,031

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

GRACE HOUSE OF NEW ORLEANS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 1995

	Grace House of New Orleans, Inc. Program	Support Services Management and General	<u>Total</u> Memoranda only	
			1995	1994
Compensation expenses	\$ 180,987	\$ 83,833	\$ 264,820	\$ 159,938
occupancy	37,856	4,184	42,040	46,288
travel	1,250	139	1,389	2,198
Specific assistance	1,374	-	1,374	3,244
Other program expenses	<u>39,485</u>	<u>20,384</u>	<u>59,869</u>	<u>55,843</u>
Total expenses before depreciation	250,132	87,640	337,772	268,463
Depreciation	<u>1,916</u>	<u>1,181</u>	<u>3,097</u>	<u>1,222</u>
Total expenses	\$ <u>252,048</u>	\$ <u>88,821</u>	\$ <u>340,869</u>	\$ <u>269,685</u>

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

GRACE HOUSE OF NEW ORLEANS, INC.

STATEMENT OF CASH FLOWS

For the Year ended December 31, 1990

Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities:		
Excess of public support and revenue over expenses		\$ 288,285
Adjustment to reconcile excess of public support and revenue over expenses to net cash provided by operating activities:		
depreciation	\$ 8,164	
Changes in assets and liabilities		
Increase in due from funding agencies	(89,108)	
Increase in prepaid expenses	(2800)	
Increase in accounts payable and accrued expenses	(24,957)	
Increase in deferred revenue	259,182	18,108
Net cash provided by operating activities		288,285
Cash flows from investing activities:		
Acquisition of fixed assets	(3,077)	
Payments made on construction in progress building deposit	(89,344)	(92,421)
Net cash used in investing activities		(92,421)
Cash flows from financing activities:		
Payments on notes payable - banks	(10,000)	
Acquisition of notes payable - other	3,878	
Net cash used in financing activities	(6,122)	
Net increase in cash and cash equivalents		14,788
Cash and cash equivalents, beginning of year		6,318
Cash and cash equivalents, end of year		\$ 21,106

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

GRACE HOUSE OF NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1986

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization

Grace House of New Orleans, Inc. is a non-profit corporation providing long-term residential treatment for alcoholic and chemically dependent women.

2. Financial Statement Presentation

The accompanying financial statements of Grace House of New Orleans, Inc. have been prepared in accordance with the Industry Audit Guide dated May 1980, prepared by the Committee on Voluntary Health and Welfare Organizations of the American Institute of Certified Public Accountants. The financial statements include all of the funds of the corporation. The financial statements are presented on the accrual basis of accounting.

3. Method of Accounting

The records of Grace House of New Orleans, Inc. are maintained in accordance with the principles of fund accounting. Accordingly, resources for various programs are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

4. Revenue Recognition

For financial reporting the corporation recognizes unrestricted fund revenues as received. Revenue on restricted funds is recognized as it is earned in accordance with approved contracts or as it is utilized for the purpose specified by the donor.

Revenue for food stamps received from clients is recognized as a matching revenue and expense as the food stamps are utilized.

GRACE HOUSE OF NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Property and Equipment

Property and equipment of the corporation consists of donated items which have been assigned an estimated fair market value on the date donated and items purchased by the corporation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended December 31, 1995 totaled to \$1,191.

5. Receivables

The Corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts become uncollectible, they will be charged to operations when that determination is made.

7. Total Columns of Combined Statements - Overview

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - DUE FROM FUNDING AGENCIES

Accounts shown below are due to the restricted funds by the following funding agencies at December 31, 1995.

GRACE HOUSE OF NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1995

NOTE B - DUE FROM VARIOUS AGENCIES - CONTINUED

State of Louisiana - Department of Health and Hospitals - Office of Alcohol and Drug Abuse	\$ 22,700
City of New Orleans - Division of Housing and Neighborhood Development	2,240
City of New Orleans - Office of Health Policy and Aids Funding	16,789
City of New Orleans - Division of Housing and Neighborhood Development	54,821
Unity for the Homeless	_31,818
	\$ 125,548

NOTE C - BUILDING DEPOSIT

On July 13, 1995 Grace House of New Orleans, Inc. entered into "Act of God For Good" agreement to purchase land and improvements located at 1481 Delachaise Street, New Orleans, Louisiana for a total price of \$417,800, act of sale to be passed upon completion of renovation work in progress at December 31, 1995.

The amount shown on the financial statements at December 31, 1995 represents funds received by Grace House of New Orleans, Inc. from Unity For the Homeless through the U.S. Department of Housing and Urban Development and deposited with the seller of the land and improvements located at 1481 Delachaise Street, New Orleans, Louisiana.

NOTE D - CONSTRUCTION IN PROGRESS

Construction in progress represents that portion of renovation work completed at December 31, 1995. Renovation work completed in 1995 was funded by restricted corporate contributions and funds received from Unity For the Homeless, and the City of New Orleans through the U.S. Department of Housing and Urban Development.

GRACE HOUSE OF NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1995

NOTE E - NOTE PAYABLE - OTHERS

Note payable at December 31, 1995 represents a chattel mortgage 14.84 rate payable in 36 installments of \$56. Final payment due April 1, 1998.

The aggregate maturities of the note payable is as follows:

<u>Year Ended</u>	
December 31, 1996	\$ 670
December 31, 1997	670
December 31, 1998	<u>234</u>
	<u>\$ 1,574</u>

NOTE F - DEFERRED REVENUE

Deferred revenue consists of \$185,988 of corporate subscriptions restricted for building renovations in progress at December 31, 1995 and advances on governmental contracts in the amount of \$9,719.

NOTE G - COMMITMENTS

The Corporation leases program facilities at 3418 Coliseum Street, New Orleans, La. under an operating lease. Minimum future rental payments under the lease as of December 31, 1995 are as follows.

<u>Year ended December 31,</u>	
1996	\$ 2,000

On July 17, 1995 the corporation entered into a contractual agreement to purchase the land and improvements located at 1401 Delacade Street, New Orleans, Louisiana for the sum of \$417,008. The act of sales on said property is anticipated for mid to late 1996.

GRACE HOUSE OF NEW ORLEANS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1995

NOTE 4 - INCOME TAXES

The Corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 5 - BOARD OF DIRECTORS COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 1995.

NOTE 6 - ECONOMIC UNCERTAINTY

The Corporation receives a majority of its revenue from funds provided through grants administered by the State of Louisiana and the City of New Orleans. The grant amounts are appropriated each year by the federal government. If significant budget cuts are effected at the federal level, the amount of the funds the Corporation receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Corporation will receive in the next fiscal year.

SUPPLEMENTAL INFORMATION

GRADE HOUSE OF NEW ORLEANS, INC.

STATEMENT OF SUPPORT, REVENUE AND EXPENSES BY PROGRAM

For the year ended December 31, 1993

	Grade House of New Orleans, Inc.	Program Memoranda
	1993	1993
REVENUE		
Direct program revenues		
Fees and grants from governmental agencies	\$ 519,573	\$ 210,048
Program service fees	38,971	71,033
Miscellaneous income	1,308	228
	<u>560,852</u>	<u>281,309</u>
Unrestricted revenue	<u>83,507</u>	<u>27,268</u>
Total self-generated revenue	644,359	308,577
United Way allocation	<u>28,877</u>	<u>22,400</u>
Total revenue	<u>673,236</u>	<u>330,977</u>
EXPENSES		
Compensation expenses	150,357	101,888
Occupancy	37,656	40,732
Travel	1,352	1,581
Specific assistance	1,974	2,244
Other program expenses	<u>59,884</u>	<u>42,832</u>
Total direct program expenses	251,223	189,277
Support service expenses	<u>87,640</u>	<u>71,180</u>
Total expenses	<u>338,863</u>	<u>260,457</u>
RECORD OF REVENUE OVER EXPENSES	\$ 334,373	\$ 70,520

GRACE HOUSE OF NEW ORLEANS, INC.

STATEMENT OF EXPENDITURES - EMERGENCY SHELTER GRANT PROGRAM

For the year ended December 31, 1995

	<u>City of New Orleans</u>	
	<u>Grant 0890 - 0072</u>	<u>Grant 180 - 8108</u>
	October 1, 1994	June 1, 1995
	through	through
	<u>December 31, 1995</u>	<u>December 31, 1995</u>
Salaries Personal		
services	\$ 12,894	\$ 10,378
Contractual services	-	<u>3,572</u>
	<u>\$ 12,894</u>	<u>\$ 13,950</u>

GRACE HOUSE OF NEW ORLEANS, INC.
 STATEMENT OF EXPENDITURES - HIV HEALTH CARE PROGRAM
 FOR the year ended December 31, 1995

	City of New Orleans	
	Formula Funds	Supplemental Funds
	Project Number 0027	
	January 1, 1995	April 4, 1995
	through	through
	December 31, 1995	December 31, 1995
Salaries	\$ 8,819	\$ 4,479
Fringe	-	1,014
Treatment/consult cost	23,888	3,300
	\$ 22,707	\$ 8,793

GRACE HOUSE OF NEW ORLEANS, INC.

STATEMENT OF EXPENDITURES -
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

For the year ended December 31, 1986

	<u>City of New Orleans</u>	
	<u>FOHC</u>	<u>SOHO</u>
Supporting services -		
Associated housing	\$ 12,137	\$ -
Project sponsor -		
Administrative expenses	263	-
Professional services	-	25,028
	<u>\$ 12,400</u>	<u>\$ 25,028</u>

John C. Todd, Jr., C.P.A. PC

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MEMBER AICPA MEMBER ICAEW

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

Board of Directors
Grace House of New Orleans, Inc.

I have audited the financial statements of Grace House of New Orleans, Inc. (a nonprofit corporation) for the year ended December 31, 1996 and have issued my report thereon dated May 16, 1997. These financial statements are the responsibility of the Corporation'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 (OMB) Circular A-133 "Audits of Institutions of Higher Education and other Non-Profit 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 made for the purpose of forming an opinion on the financial statements of Grace House of New Orleans, 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 financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Metairie, Louisiana
May 16, 1997



GRACE HOUSE OF NEW ORLEANS, INC.

SCHEDULE OF FEDERAL AID

For the year ended December 31, 1955

Program Title	Federal CFDA Number	Disbursements/ Expencitures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Funds passed through city for the Homeless		
Stewart B. McKinney Homeless Assistance Act Housing Services for Homeless Unaccompanied Women	14.045	\$ 220,711*
Funds passed through the city of New Orleans		
Stewart B. McKinney Homeless Assistance Act Emergency Shelter Program	14.230	25,832*
Aids Housing Opportunity Act Housing Opportunities for persons with Aids Project		16,476
Funds passed through city for the homeless		
Innovative Homeless Project	14.248	12,403
		292,422
U.S. DEPARTMENT OF HEALTH AND HOSPITALS		
Funds passed through the State of Louisiana Department of Health and Hospitals - Office of Alcohol and Drug Abuse Long Term Residential Treatment Program	13.992	513,332*
OTHER FEDERAL AGENCIES		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Funds passed through the City of New Orleans Department of Health - Ryan White Comprehensive HIV/AIDS Health Planning Council - HIV Emergency Relief Grant Program	93.118	49,162

*Denotes major program.

GRACE HOUSE OF NEW ORLEANS, INC.

SCHEDULE OF FEDERAL AWARDS - CONTINUED

For the year ended December 31, 1990

<u>PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Disbursement/ Expenditures</u>
Funds passed through the State of Louisiana Department of Health and Hospitals Office of Alcohol and Drug Abuse Target Cities Program		<u>56,718</u>
		<u>188,828</u>
Federal Emergency Management Agency Funds passed through the United Way of Greater New Orleans Emergency Food and Shelter Program	83.523	<u>2,508</u>
Total federal awards		\$ <u>218,828</u>

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

Board of Directors
Grace House of New Orleans, Inc.

I have audited the financial statements of Grace House of New Orleans, Inc. (a non-profit corporation) for the year ended December 31, 1985 and have issued my report thereon dated May 13, 1986.

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 Grace House of New Orleans, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, judgments 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. 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.

In planning and performing my audit of the financial statements of Grace House of New Orleans, Inc. for the year ended December 31, 1993, 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in accounts 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management, federal, state and city audit agencies and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



Metairie, Louisiana
May 16, 1994

John C. Todd, Jr., C.P.A., INC.

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401 LEBLANC STREET SUITE 1000, LOUISIANA 70002
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH OMB CIRCULAR A-113

Board of Directors
Grace House of New Orleans, Inc.

I have audited the financial statements of Grace House of New Orleans, Inc. (a not-profit corporation) as of and for the year ended December 31, 1990 and have issued my report thereon dated May 16, 1990. I have also audited the compliance of Grace House of New Orleans, Inc. with requirements applicable to major federal award programs and have issued my report thereon dated May 16, 1990.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget OMB Circular A-113. Audits of institutions of Higher Education and Other Not-profit Institutions. These standards and OMB Circular A-113 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about the whether the Corporation 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 December 31, 1990, I considered the internal control structure of Grace House of New Orleans, Inc.'s in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements of Grace House of New Orleans Inc.'s and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-113. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. I have addressed internal control structure policies and procedures relevant to my audit of the financial statements in a separate report dated May 16, 1990.

The management of Grace House New Orleans, 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
- Supplies, receivables, and receipts
- Expenses for program and supporting services and accounts payable
- Payroll and related liabilities
- Property and equipment
- Fund balances
- Governmental financial assistance programs

GENERAL REQUIREMENTS

- Political activity
- Civil rights
- Cash management
- Financial reports
- Allowable costs/cost principles
- Administrative requirements

SPECIFIC REQUIREMENTS

- Types of services allowed or not allowed
- Eligibility
- Cost allocation
- Financial reports and claims for reimbursements

For all 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 December 31, 1988, Grace House of New Orleans, Inc. expended 84% 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 non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to each of the Corporation'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.

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 material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management, federal, state and city audit agencies and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



Metairie, Louisiana
May 14, 1988

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

Board of Directors
Grace House of New Orleans, Inc.

I have audited the financial statements of Grace House of New Orleans, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995 and have issued my report thereon dated May 16, 1996.

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 Grace House of New Orleans, Inc. is the responsibility of Grace House of New Orleans, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Grace House of New Orleans, 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 management, federal, state and city audit agencies and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

John C. Foss, Jr., CPA

Metairie, Louisiana
May 10, 1988

John C. Todd, Jr., C.F.A., P.A.

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

Board of Directors
Grace House of New Orleans, Inc.

I have audited the financial statements of Grace House of New Orleans, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1993, and have issued my report thereon dated May 16, 1994.

I have applied procedures to test Grace House of New Orleans, Inc.'s compliance with the following requirements applicable to its federal programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1993.

The general requirements are as follows:

- Political activity
- Civil rights
- Cash management
- Financial reports
- Allowable costs/cost principles
- Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement of Audits of Discretional Institutions and Other Nonprofit Institutions". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Grace House of New Orleans, 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 Grand House of New Orleans, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of management, federal, state and city audit agencies and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



Metairie, Louisiana
May 16, 1964

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

Board of Directors
Grace House of New Orleans, Inc.

I have audited the financial statements of Grace House of New Orleans, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1985, and have issued my report thereon dated May 14, 1986.

I have also audited the compliance of Grace House of New Orleans, Inc. with requirements governing types of services allowed or unallowed, eligibility, reporting, special tests and provisions (if any), 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 December 31, 1985. The management of Grace House of New Orleans is responsible for the Corporation'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. Those 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 test basis, evidence about the Corporation's compliance with these requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, Grace House of New Orleans, 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 December 31, 1985.

This report is intended for the information of management, federal, state and city audit agencies and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



Moravia, Louisiana
May 16, 1984

John C. Todd, Jr., C.P.A. PC

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

Board of Directors
Grace House of New Orleans, Inc.

I have audited the financial statements of Grace House of New Orleans, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995, and have issued my report thereon dated May 16, 1996.

In connection with my audit of the financial statements of Grace House of New Orleans, Inc. and with my consideration of the corporation's control structure used to administer federal awards, as required by Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions", I selected certain transactions applicable to certain major programs for the year ended December 31, 1995.

As required by 1995 Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to these transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the corporation's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that causes me to believe that Grace House of New Orleans, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of management, federal, state and city audit agencies and the legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in cursive script that reads "John C. Fink, Jr. CPA". The signature is written in dark ink and is positioned to the right of the main text block.

Metairie, Louisiana
May 18, 1990

GRACE HOUSE OF NEW ORLEANS, INC.

STATUS OF PRICE AUDIT FINDINGS

December 31, 1995

There were no audit findings contained in the audit report for the year ended December 31, 1994.