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BROOKHAVEN HOMES OF LOUISIANA, INC.

FINANCIAL STATEMENTS FOR

THE YEARS ENDED JUNE 30, 1996 AND 1995

AND INDEPENDENT AUDITOR'S REPORT

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, county 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: SEP 01 1997

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Release Date: SEP 01 1997

BROOKHAVEN HOMES OF LOUISIANA, INC.

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LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Brookhaven Homes of Louisiana, Inc.

We have audited the accompanying statements of financial position of the federal and state grants of Brookhaven Homes of Louisiana, Inc. (a non-profit organization) as of June 30, 1996 and 1995, and the related statements of activities for the years 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.

Except as discussed in the next paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards 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.

Since prior year financial statements were not audited, we were unable to form an opinion regarding the amount of beginning net assets. Also, due to the lack of significant supporting documentation, we were unable to form an opinion on grant revenues, grant receivables, taxes payable, family payments and operating transfers.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to beginning net assets, grant revenue, grant receivable, taxes payable, family payments, and operating transfers as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the federal and state grants of Brookhaven Homes of Louisiana as of June 30, 1996 and 1995, and the statements of activities for the years then ended in conformity with generally accepted accounting principles.


Luther C. Speight & Company
New Orleans, Louisiana

July 21, 1997

DEORBEAVER HORSES OF LOUISIANA, INC.
Statement of Financial Position
As of June 30, 1999 and 1998

ASSETS	1999	1998
Cash	\$ 1,823	\$ 11,982
Grant Receivable	<u>56,474</u>	<u>35,370</u>
TOTAL ASSETS	\$ <u>58,297</u>	\$ <u>48,352</u>
LIABILITIES & NET ASSETS		
LIABILITIES		
Taxes Payable	<u>16,838</u>	<u>17,282</u>
TOTAL LIABILITIES	<u>16,838</u>	<u>17,282</u>
NET ASSETS		
Net Assets	<u>42,459</u>	<u>31,170</u>
TOTAL LIABILITIES & NET ASSETS	\$ <u>58,297</u>	\$ <u>48,352</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

BROOKHAVEN HOLDINGS OF LOUISIANA, INC.
Statement of Activities
For the years Ended June 30, 1998 and 1999

	1998	1999
CONTRIBUTED SUPPORT		
Grant Revenue	208,174	198,900
Grant Payments	<u>(84,824)</u>	<u>(62,282)</u>
TOTAL CONTRIBUTED SUPPORT	<u>233,808</u>	<u>218,808</u>
EXPENSES		
PROGRAM SERVICES		
Costing & Federal Needs	625	312
Energy Costs	965	188
Equipment/Rental & Maintenance	1,571	188
Fellow Payments	113,890	144,998
Medical & Medication	898	300
Reprint Payments	22,826	13,818
Seminars & Training	882	1,528
Travelers	10,128	8,208
SUPPORTING SERVICES		
Catering	84,810	74,848
Payroll Taxes	8,280	8,892
Advertising	80	688
Bank Charges	4,080	484
Insurance	3,428	308
Legal & Accounting	628	2,802
Licensing	384	1,058
Reprints	0	1,218
Office Expense	688	882
Office Lease	2,280	128
Postage	192	344
Telephone	848	5,480
Travel	3,020	1,082
Utilities	0	58
TOTAL EXPENSES	<u>218,312</u>	<u>262,008</u>
NET ASSETS BEFORE OPERATING TRANSFER	58,428	18,882
OPERATING TRANSFER	<u>42,158</u>	<u>12,208</u>
CHANGE IN NET ASSETS	11,288	3,288
NET ASSETS, BEGINNING OF YEAR	<u>36,172</u>	<u>31,208</u>
NET ASSETS, END OF YEAR	<u>62,418</u>	<u>38,312</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

BROOKHAVEN HOMES OF LOUISIANA, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General- Brookhaven Homes of Louisiana, Inc.(the Organization) - which is located at 888 Poydras in New Orleans, Louisiana with satellite offices and branches across the State. The services offered by the Organization include and are not limited to providing residential and support services to disabled, homeless, and disadvantaged persons within the State of Louisiana.

The Organization receives funding from the Department of Health and Hospitals-Office of Mental Health, Jefferson Parish Human Services Authority, and UNITY for the Homeless.

Basis of Accounting- The financial statements of the Organization have been prepared on the accrual basis of accounting, where revenues are recognized when earned and expenses recognized when incurred.

Grant Receivable- Amounts due from the grantor include amounts spent but not yet reimbursed.

2. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1993, 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. The implementation of this statement, which was required to be implemented not later than the year beginning January 1, 1995, does not have a material effect on the Organization's financial statements. The Organization was required to report total assets, liabilities, and net assets in a statement of financial position and report a change in the Organization's net assets in a statement of activities.

SUPPLEMENTAL INFORMATION

Brookhaven Homes of Louisiana, Inc.
Notes to Supplemental Schedule
For the years ended June 30, 1996 and 1995

KSFC	-	Kid Substitue Family Care
ASFC	-	Adult Substitue Family Care
OCS	-	Office of Community Services
JPUSA	-	Jefferson Parish Human Services Authority
UNITY	-	Unity For the Homeless

SINGLE AUDIT



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS

To the Board of Directors of
Brookhaven Homes of Louisiana, Inc.

We have audited the financial statements of the federal and state grants of Brookhaven Homes of Louisiana, Inc. (a nonprofit organization) as of and for the years ended June 30, 1998 and 1999, and have issued our report thereon dated July 31, 1999. 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." 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Due to the lack of significant supporting documentation, we were unable to form an opinion on grant revenues, grant receivable, taxes payable, family payments and operating transfers.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the federal and state grants of Brookhaven Homes of Louisiana, 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to grant revenues, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Luther C. Speight & Company
New Orleans, Louisiana

July 21, 1999

BROOKHAVEN HOMES OF LOUISIANA, INC.**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1996**

Federal Grantor/ Pass Through Grantor	Federal Contract Number	Expenditure 1996
Department of Health and Hospitals/ Jefferson Parish Human Services Authority	1F115A # 228	8,000
Department of Health and Hospitals/ Office of Mental Health	MH-96-15-247	196,228 85,716
U. S. Department of Housing and Urban Development/RISE Program	LA48065-04170	132,349
State and Local Funding Sources		
Office of Community Services		28,211
UNITY		28,217

BROOKHAVEN HOMES OF LOUISIANA, INC.**SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1995**

Federal Grants/ Pass Through Grants	Federal Contract Number	Expended 1995
Department of Health and Hospitals/ Beltone Parish Home Services Authority	BHSA # 150	16,613
Department of Health and Hospitals/ Office of Mental Health	MH-95-15-056 MH-95-15-052	83,716 144,228
U. S. Department of Housing and Urban Development/HISE Program	15-08195-08170	152,749
State and Local Funding Sources		
Office of Community Services		8,688



LUTHER C. SPEIGHT & COMPANY

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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
Brookhaven Homes of Louisiana, Inc.

We have audited the financial statements of the federal and state grants of Brookhaven Homes of Louisiana, Inc. (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated July 21, 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.

Due to the lack of significant supporting documentation, we were unable to form an opinion on grant revenues, grant receivable, taxes payable, family payments and operating transfers.

Compliance with laws, regulations, contracts, and grants applicable to Brookhaven Homes of Louisiana, 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, we performed tests of Brookhaven Homes of Louisiana, Inc. 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.

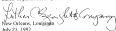
The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in Brookhaven Homes of Louisiana, Inc. 1996 and 1995 financial statements.

- Audit not performed in prior year
- Current year audit not engaged timely
- Improper recording of financial data on cash basis
- Lack of sufficient supporting documentation

We considered these instances of noncompliance in forming our opinion on whether Brookhaven Homes of Louisiana, Inc. 1996 and 1995 financial statements for federal and state grants are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated July 21, 1997, on these financial statements.

We noted certain material instances of noncompliance that we have reported to the management of Brookhaven Horsemasters of Louisiana, Inc. in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Organization's Board of Directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.


Luther C. Broussard
New Orleans, Louisiana
July 21, 1997



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
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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
Brookhaven Homes of Louisiana, Inc.

We have audited the financial statements of the federal and state grants of Brookhaven Homes of Louisiana (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated July 21, 1995.

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

Due to lack of sufficient supporting documentation, we were unable to form an opinion on grant revenue, grant receivable, taxes payable, family payments and operating transfers.

The management of Brookhaven Homes of Louisiana 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 our audit of the financial statements of the federal and state grants of Brookhaven Homes of Louisiana for the years ended June 30, 1996 and 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

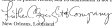
We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant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

- Audit not performed in prior year
- Current year audit not engaged timely
- Improper recording of financial data on cash basis
- Lack of sufficient supporting documentation

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.

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. We believe the reportable conditions described above are material weaknesses.

This report is intended for the information of the Organization's Board of Directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.


Fisher & Associates, Inc.
New Orleans, Louisiana

July 21, 1999



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

To the Board of Directors of
Brookhaven Homes of Louisiana, Inc.

We have audited the financial statements of the federal and state grants of Brookhaven Homes of Louisiana, Inc. (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated July 21, 1997.

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

Due to lack of sufficient supporting documentation, we were unable to form an opinion on grant revenues, grant receivable, taxes payable, fundy payments and operating transfers.

In planning and performing our audit for the years ended June 30, 1996 and 1995, we considered the internal control structure of Brookhaven Homes of Louisiana, Inc. in order to determine auditing procedures for the purpose of expressing our opinion on the financial statements of Brookhaven Homes of Louisiana, 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 July 21, 1997.

The management of Brookhaven Homes of Louisiana, 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 recorded 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 diminish.

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 Revenue 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
- Drug-Free Workplace Act
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Administrative Requirements

Specific Requirements:

- Types of Services
- Eligibility
- Advances and reimbursements
- Amounts claimed or used for matching as determined by the OMB Circulars A-21 and other applicable cost 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.

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 program(s). Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.


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.

- Audit not performed in prior year
- Current year audit not engaged timely
- Incomplete recording of financial data on cash basis
- Lack of sufficient supporting documentation

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.

The 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. We believe that the reportable conditions described above are material weaknesses.

This report is intended for the information of the Organization's Board of Directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



New Orleans, Louisiana
July 21, 1993



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

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

To the Board of Directors of
Brookhaven Homes of Louisiana, Inc.

We have audited the financial statements of the Federal and state grants of Brookhaven Homes of Louisiana, Inc. (a nonprofit organization) as of and for the years ended June 30, 1996, and 1995, and have issued our report thereon dated July 21, 1997.

We have applied procedures to test the compliance of Brookhaven Homes of Louisiana, Inc. with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the years ended June 30, 1996 and 1995.

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 Brookhaven Homes of Louisiana, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

Due to the lack of significant supporting documentation, we were unable to form an opinion on grant revenues, grant receivable, taxes payable, family payments and operating transfers.

With respect to the items tested, the results of our procedures except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to beginning net assets, grant receivable, taxes payable, family payments and operating transfers, 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 Brookhaven Homes of Louisiana, Inc. had not complied in all material respects with these requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with these requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Organization's Board of Directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Luther C. Speight & Company

New Orleans, Louisiana
July 21, 1997



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

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

To the Board of Directors of
Brookhaven Homes of Louisiana, Inc.

We have audited the financial statements of the federal and state grants of Brookhaven Homes of Louisiana (a nonprofit organization) as of and for the years ended June 30, 1996 and 1995, and have issued our report thereon dated July 21, 1997.

We have also audited the compliance of Brookhaven Homes of Louisiana, Inc. with the requirements governing types of services allowed or unallowed; matching; level of effort; cost-sharing; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the years ended June 30, 1996 and 1995. The management of Brookhaven Homes of Louisiana, Inc. is responsible for the Organization's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our 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, "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 national 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. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures except for the effects of audit adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to beginning net assets, grant receivable, taxes payable, fund payments, and operating transfers, disclosed no material instances of noncompliance with the requirements referred to in the second paragraph, that are applicable to each of its major federal award programs for the years ended June 30, 1995 and 1996.

This report is intended for the information of the Organization's Board of Directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.


Luther C. Speight
New Orleans, Louisiana

July 21, 1997

**HOOGHAVEN HOMES OF LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995**

FINDING #1: NO AUDIT PERFORMED IN PRIOR YEAR

QUESTIONED COST: NOT APPLICABLE

CONDITION:

During our audit it was noted that Hooghaven Homes of Louisiana, Inc. had not had a financial statement audit since fiscal year 1991.

EFFECT OF CONDITION:

The effect of this condition is the organization's noncompliance with the audit requirements in the grant.

CRITERIA:

The Single Audit Act of 1984 requires a single audit for any recipient of federal funds of \$100,000 or more within a fiscal year; furthermore, the grant contract with the Department of Health and Hospitals specifically refers to the Single Audit Act.

RECOMMENDATION:

We recommend that the Organization adhere to the requirements of the grant contract and the Single Audit Act by obtaining the required frequency of audits of the grant funds.

MANAGEMENT RESPONSE:

Hooghaven is currently having an audit performed and is committed to having future audits.

**BROOKHAVEN HOMES OF LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995**

FINDING #3: ABSENCE OF FUND ACCOUNTING

QUESTIONED COST: NOT APPLICABLE

CONDITION:

During our audit it was noted that Brookhaven Homes of Louisiana, Inc. did not account for the financial activities of their grants on an individual basis.

EFFECT OF CONDITION:

The effect of this condition is the organization's noncompliance with the requirements in the different grants.

CRITERIA:

In the grant agreement, "the provider agrees to employ recordkeeping and receipt procedures which will provide an audit trail for expenditures and income received."

RECOMMENDATION:

We recommended that the Organization keep financial records categorized by the particular grant involved, in order to provide a trail for individual grant revenues and expenditures.

MANAGEMENT RESPONSE:

Fund accounting for all grants has been implemented.

**BROOKHAVEN HOMES OF LOUISIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995**

FINDING (S): ACCRUAL BASIS OF ACCOUNTING

QUESTIONED COST: NOT APPLICABLE

CONDITION:

During our audit it was noted that Brookhaven Homes of Louisiana, Inc. did not account for the financial activities of all grants on an accrual basis.

EFFECT OF CONDITION:

The effect of this condition is the organization's non-compliance with the requirements in the different grants.

CRITERIA:

In the grant agreement, "the provider agrees to employ recordkeeping and receipt procedures which will provide an audit trail for expenditures and income received."

RECOMMENDATION:

We recommend that the Organization record revenues when earned and expenses when incurred in accordance with generally accepted accounting principles.

MANAGEMENT RESPONSE:

Financial data for all grants is being accounted for on the accrual basis of accounting.