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**WASHINGTON STREET HOPE CENTER, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1997**

1997-06-30
1997-06-30

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

Release Date MAR 25 1998

**ALBERT R. LIGER, CPA
A PROFESSIONAL CORPORATION
133 E. WALNUT STREET
BARKSVILLE, LOUISIANA**

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

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WASHINGTON STREET HOPE CENTER, INC.
MARSHVILLE, LOUISIANA

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Richard W. Sizer
CERTIFIED PUBLIC ACCOUNTANT
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Markville, Louisiana

We have audited the accompanying balance sheet of Washington Street Hope Center, Inc. (a nonprofit organization) as of June 30, 1997 and the related statements of support, revenue, and expenses and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Washington Street Hope Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Street Hope Center, Inc. as of June 30, 1997, and the results changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 18, 1997, on our consideration of Washington Street Hope Center, Inc.'s internal control structure and a report dated November 18, 1997, on its compliance with laws and regulations.

Markville, Louisiana
November 18, 1997



Albert R. Boyer

CERTIFIED PUBLIC ACCOUNTANT
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Monroe, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 18, 1997.

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

The management of Washington Street Hope Center, 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 cost 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 authorizations 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.

Board of Directors

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In planning and performing our audit of the financial statements of the Washington Street High Center, Inc. for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the management, the Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Marksville, Louisiana
November 18, 1997



Albert R. Riggs

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,
REGULATIONS, CONTRACTS, AND GRANTS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Monroeville, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 18, 1997.

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

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

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

Washington Breast Hope Center, Inc.
Page 2

This report is intended for the information of management, the Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script, reading "Dennis J. Sage". The signature is written in black ink on a white background.

Monroe, Louisiana
November 18, 1997

WASHINGTON STREET HOPE CENTER, INC.
 MARKSVILLE, LOUISIANA

BALANCE SHEET
 JUNE 30, 1997

| ASSETS | Current Funds | |
|---|------------------|------------------|
| | Unrestricted | Restricted |
| Cash | \$ 67,772 | \$ 2,994 |
| Grant Revenue Receivable | - | 18,554 |
| Due From Other Funds | - | 34,788 |
| Utility Deposit | 50 | 260 |
| Land | - | - |
| Vehicles | - | - |
| Furniture & Fixtures | - | - |
| Equipment | - | - |
| Building and Improvements | - | - |
| Less: Accumulated Depreciation | - | - |
| Total Assets | \$ 67,822 | \$ 38,296 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Due To Other Funds | \$ 34,788 | \$ - |
| Payroll Taxes Payable | - | 4,955 |
| Note Payable-Current | - | 3,652 |
| Total Liabilities | \$ 34,788 | \$ 10,560 |
| Net Assets: | | |
| Fund Balance- | | |
| Unreserved-Undesignated | \$ 33,034 | \$ 45,836 |
| Investment in Plant | - | - |
| Total Net Assets | \$ 33,034 | \$ 45,836 |
| Total Liabilities and Net Assets | \$ 67,822 | \$ 56,396 |

The accompanying notes are an integral

| Fixed Funds | Total All Funds |
|-------------------------|-------------------------|
| \$ - | \$ 70,166 |
| - | 18,354 |
| - | 34,788 |
| - | 300 |
| 4,000 | 4,000 |
| 30,117 | 30,117 |
| 8,166 | 8,166 |
| 64,687 | 64,687 |
| 98,131 | 98,131 |
| <u>(4,79,092)</u> | <u>(4,79,092)</u> |
| <u>\$127,916</u> | <u>\$252,134</u> |

| | |
|--------------------|-------------------------|
| \$ - | \$ 34,788 |
| - | 4,933 |
| <u>-</u> | <u>3,605</u> |
| <u>\$ -</u> | <u>\$ 43,348</u> |

| | |
|-------------------------|-------------------------|
| \$ - | \$ 78,870 |
| <u>127,916</u> | <u>127,916</u> |
| <u>\$127,916</u> | <u>\$206,788</u> |
| <u>\$127,916</u> | <u>\$252,134</u> |

part of the financial statements.

WASHINGTON STREET HOME CENTER, INC.
 MARKSVILLE, LOUISIANA

STATEMENT OF SUPPORT, REVENUES, EXPENSES,
 AND CHANGES IN NET ASSETS
 YEAR ENDED JUNE 30, 1997

| | Current Funds | |
|--|------------------|-------------------|
| | Unrestricted | Restricted |
| PUBLIC SUPPORT: | | |
| Contributions | \$ 3,979 | \$ 12,342 |
| Total Public Support | <u>\$ 3,979</u> | <u>\$ 12,342</u> |
| REVENUES: | | |
| Federal Grant | \$ - | \$ 278,425 |
| Program Service Fees | - | 19,840 |
| Sale of Fixed Assets | 25,000 | - |
| Miscellaneous | 5,722 | - |
| Total Revenues | <u>\$ 30,722</u> | <u>\$ 298,265</u> |
| Total Public Support & Revenues | <u>\$ 34,699</u> | <u>\$ 310,609</u> |
| FUNCTIONAL EXPENSES: | | |
| Program Services-Shop Center | \$ - | \$ 153,475 |
| Program Services-Handlton House | - | 143,252 |
| Program Services-Bailey Hotel | - | - |
| Management & General | 11,448 | - |
| Total Functional Expenses | <u>\$ 11,448</u> | <u>\$ 306,727</u> |
| EXCESS (DEFICIENCY) OF PUBLIC SUPPORT & REVENUES OVER FUNCTIONAL EXPENSES | \$ 23,244 | \$ 27,882 |

The accompanying notes are an integral

| <u>Plant Fund</u> | <u>Total All Funds</u> |
|-----------------------|----------------------------|
| <u>\$ 3,300</u> | <u>\$ 40,612</u> |
| <u>\$ 3,300</u> | <u>\$ 40,612</u> |
| \$ - | \$ 276,425 |
| - | 18,842 |
| - | 25,000 |
| <u>-</u> | <u>3,732</u> |
| <u>\$ -</u> | <u>\$ 326,589</u> |
| <u>\$ 3,300</u> | <u>\$ 358,601</u> |
| \$ 2,958 | \$ 180,433 |
| 6,293 | 149,545 |
| - | - |
| <u>-</u> | <u>11,448</u> |
| <u>\$ 9,251</u> | <u>\$ 321,626</u> |
| (\$ 3,950) | \$ 43,075 |

part of the financial statements.

WASHINGTON STREET HOME CENTER, INC.
MARKSVILLE, LOUISIANA

STATEMENT OF SUPPORT, REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1997

| | Current Funds | |
|---|------------------|------------------|
| | Unrestricted | Restricted |
| OTHER CHANGES IN NET ASSETS: | | |
| Transfers Between Plant Fund and Restricted and Unrestricted Funds | \$ (16,700) | \$ (5,300) |
| Loss on Abandonment of Bailey Hotel Halfway House Project | - | - |
| Refund of Prior Year Grant Funds due to Abandonment of Bailey Hotel Halfway House Project | - | (25,140) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | <u>6,544</u> | <u>(1,538)</u> |
| NET ASSETS-BEGINNING OF YEAR | <u>26,490</u> | <u>48,394</u> |
| NET ASSETS-END OF YEAR | <u>\$ 33,034</u> | <u>\$ 46,856</u> |

The accompanying notes are an integral

| <u>Plant Fund</u> | <u>Total All Funds</u> |
|--------------------------|----------------------------|
| \$ 22,000 | \$ - |
| (122,457) | (122,457) |
| <u>-</u> | <u>(25,140)</u> |
| (104,488) | (100,422) |
| <u>227,824</u> | <u>312,508</u> |
| <u>\$ 122,916</u> | <u>\$ 206,786</u> |

part of the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
 MARKSVILLE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED JUNE 30, 1997

| | Program Services | | |
|----------------------------------|-------------------------|-------------------------|--------------------|
| | Hope Center | Harrison House | Bulley Hall |
| FUNCTIONAL EXPENSES: | | | |
| Payroll: | | | |
| Salaries | \$100,720 | \$ 86,000 | \$ - |
| Payroll Taxes | 7,785 | 6,581 | - |
| Total Payroll | <u>\$108,504</u> | <u>\$ 92,581</u> | <u>\$ -</u> |
| Other: | | | |
| Contract Labor | \$ 725 | \$ 713 | \$ - |
| Utilities | 7,601 | 10,208 | - |
| Postage | - | 320 | - |
| Insurance | 4,982 | 8,381 | - |
| Telephone | 1,385 | 1,794 | - |
| Maintenance | 2,409 | 3,128 | - |
| Miscellaneous | 385 | 408 | - |
| Rent | 6,000 | - | - |
| Interest | 214 | 95 | - |
| Supplies: | | | |
| Food | 12,036 | 14,200 | - |
| Household | 899 | 2,078 | - |
| Office | 579 | 505 | - |
| Medical | - | 991 | - |
| Literature | 1,285 | 444 | - |
| Other Supplies | 1,969 | 1,914 | - |
| Professional: | | | |
| Accounting & Auditing | 4,815 | 3,535 | - |
| Medical | 3,133 | 1,240 | - |
| Other Professional Services | 72 | - | - |
| Travel | 720 | 220 | - |
| | <u>\$157,479</u> | <u>\$143,252</u> | <u>\$ -</u> |
| Allocation of Depreciation | <u>2,958</u> | <u>6,293</u> | <u>-</u> |
| Total Functional Expenses | <u>\$160,437</u> | <u>\$149,545</u> | <u>\$ -</u> |

The accompanying notes are an integral

| <u>Management and General</u> | <u>Total All Funds</u> |
|---------------------------------------|----------------------------|
| \$ - | \$ 160,748 |
| <u>-</u> | <u>14,282</u> |
| \$ - | \$ 301,015 |
| \$ 148 | \$ 1,598 |
| 887 | 18,706 |
| - | 308 |
| - | 13,543 |
| - | 3,138 |
| 1,252 | 6,788 |
| 2,724 | 3,333 |
| - | 6,000 |
| - | 308 |
| - | 36,276 |
| 396 | 3,373 |
| 453 | 1,518 |
| - | 991 |
| 3,964 | 5,673 |
| 138 | 4,813 |
| - | 8,350 |
| - | 4,380 |
| 973 | 1,843 |
| <u>527</u> | <u>1,967</u> |
| \$ 11,488 | \$ 312,875 |
| <u>-</u> | <u>9,251</u> |
| <u>\$ 11,488</u> | <u>\$ 321,426</u> |

part of the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
 MARKSVILLE, LOUISIANA

STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 1997

| | Current Funds | |
|---|------------------|-----------------|
| | Unrestricted | Restricted |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (Decrease) In Net Assets | \$ 4,544 | \$ (2,358) |
| Adjustments to Reconcile Increase (Decrease) In Net Assets: | | |
| Depreciation | - | - |
| Noncash Contributions of Assets | - | - |
| Changes In Operating Assets & Liabilities: | | |
| Increase (Decrease) In: | | |
| Grant revenue Receivables | - | 3,000 |
| Security Deposits | - | 135 |
| (Decrease) Increase In: | | |
| Accounts Payable & Accrued Expenses | - | 4,955 |
| Net Cash Provided (used) by operating Activities | <u>4,544</u> | <u>4,532</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Decrease (Increase) in due (to)/from other funds | <u>18,666</u> | <u>(18,666)</u> |
| Net cash provided (used) in noncapital financing activities | <u>18,666</u> | <u>(18,666)</u> |
| CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES: | | |
| Acquisitions of property, plant and equipment | - | - |
| Loss on abandonment of Bailey Hotel Project | - | - |
| Increase in Notes Payable | <u>-</u> | <u>685</u> |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>685</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 25,210 | (13,519) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>42,362</u> | <u>16,523</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 67,572 | \$ 3,004 |

The accompanying notes are an integral

| Plant Fund | Total All Funds |
|------------------|--------------------|
| \$ (104,408) | \$ (108,422) |
| 9,251 | 9,251 |
| (5,300) | (5,300) |
| - | 3,000 |
| - | 133 |
| - | <u>4,855</u> |
| <u>(100,457)</u> | <u>(89,381)</u> |
| - | - |
| - | - |
| (22,000) | (22,000) |
| 122,457 | - |
| <u>-</u> | <u>605</u> |
| <u>100,457</u> | <u>(21,395)</u> |
| - | 11,881 |
| - | <u>59,085</u> |
| <u>\$ -</u> | <u>\$ 30,766</u> |

part of the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
MARRSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washington Street Hope Center, Inc. was incorporated on July 25, 1988 and is a non-profit organization as described in IRS Code Section 501 (c) (3) which was formed for the purpose of providing a 28 day program of rehabilitation from substance abuse. The corporation also operates a halfway house referred to in this report as the Hamilton House, to be used by former patients of the treatment center for a period of up to three (3) months whereby counselors assist patients in returning to their everyday lives. It is governed by a board of directors and employs two (2) directors, a secretary, a cook, two counselors, and several program technicians.

The following is a summary of certain significant accounting policies.

Washington Street Hope Center, Inc. follows standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants' "Industry Guide for Audits of Voluntary Health and Welfare Organizations". Accordingly, the financial statements are prepared on an accrual basis of accounting.

Washington Street Hope Center, Inc. maintains its accounts in accordance with the principles of fund accounting. All financial transactions have been recorded on and reported by the following fund groups:

Current Unrestricted Fund represents resources over which the Board of Directors has discretionary control and are used to carry out operations of the Washington Street Hope Center, Inc. in accordance with its bylaws.

Current Restricted Fund represents resources currently available for use, but expendable only for those operating purposes specified by the donor. Resources of this fund originate from donations, grants, and program service fees.

Plant Fund is designated for equipment acquisitions and for recording the costs of building and equipment and accumulated depreciation.

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

Description of Programs

Hope Center

The Hope Center provides long-term, highly structured residential treatment programs for alcoholic and drug dependent men who are economically unable to obtain needed treatment elsewhere. Fees range from assistance provided by the State of Louisiana, Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse to direct payments from individual patients.

Hamilton House

The Hamilton House provides a community-based halfway rehabilitation program for recovering male substance abusers to include individual and group counseling, vocational and educational counseling and placement, room and board, urine screening, and NA and AA support groups. Fees range from assistance provided by the State of Louisiana, Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse to payments from individual patients.

Plant, Fixed Depreciation. Expenditures for physical properties are stated at cost. Donated assets are recorded at their estimated fair market values at time of donation.

Depreciation of physical properties is calculated on the straight-line method over the following estimated lives:

| | |
|-----------------------|----------|
| Buildings | 25 years |
| Building Improvements | 10 years |
| Vehicles & Equipment | 3 years |
| Furniture & Fixtures | 5 years |

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

Uncollectible Patient Fees. Uncollectible amounts due for patient fees are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles at June 30, 1997 was immaterial.

Income Taxes. Income taxes are not provided for in the financial statements since Washington Street Hope Center, Inc. is exempt from federal and state income taxes under section 504 (c) (3) of the Internal Revenue Code and similar state provisions. Washington Street Hope Center, Inc. is not classified as a private foundation.

Donated Materials & Services. Donated materials or equipment, when received, are reflected as contributions in accompanying statements at their estimated fair market value at time of receipt.

Functional Expenses. Functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personal time and space utilized for the related activities.

Cash Equivalents. For purposes of the statement of cash flows, Washington Street Hope Center, Inc. considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

Accumulated Unpaid Vacation, Sick-Pay and Other Employee Benefits. Washington Street Hope Center, Inc. has the following policy relating to vacation and sick leave:

Each employee receives 2-4 weeks vacation leave each year depending on the length of employment. Employees also receive sick leave as requested each year.

Accumulated amounts were not accrued in these financial statements as such amounts were immaterial at June 30, 1997.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates.

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 2. CASH

At June 30, 1997 the Washington Street Hope Center, Inc. had cash totaling \$70,766 as follows:

| | |
|-----------------|------------------|
| petty cash | \$ 50 |
| Demand deposits | <u>70,716</u> |
| Total | <u>\$ 70,766</u> |

These deposits are stated at cost, which approximates market. At June 30, 1997 the Washington Street Hope Center, Inc. had \$71,813 in deposits (collected bank balances). These deposits are secured from risk by \$71,813 of federal deposit insurance.

NOTE 3. RECEIVABLES

The following is a summary of receivables at June 30, 1997:

| | Current Restricted Funds | | |
|---------------------------|--------------------------|-----------------|-----------------|
| | Hope Center | Harrison House | Total |
| Grant Revenues Receivable | <u>\$11,921</u> | <u>\$ 5,434</u> | <u>\$18,355</u> |

NOTE 4. INTERFUND RECEIVABLES, PAYABLES

| | Interfund Receivable | Interfund Payable |
|---------------------------|----------------------|-------------------|
| Current Unrestricted Fund | \$ - | \$ 34,788 |
| Current Restricted Funds | 34,788 | - |
| | <u>\$ 34,788</u> | <u>\$ 34,788</u> |

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARRSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 5. NOTES PAYABLE

Washington Street Hope Center, Inc. obligation under notes payable consist of the following:

\$20,000 line of credit with Cottonport Bank, dated April 5, 1997;
bearing interest at 11.00% per annum; Final payment date April 5, 1998;
secured by the personal endorsements of two (2) board members and
the finance director.

Funded by federal grant revenues: \$ 3,685

NOTE 6. DONATED MATERIALS, SERVICES, AND CAPITAL EXPENDITURES

The value of donated materials, services, and capital expenditures included in the financial statements and corresponding expenditures for the year ended June 30, 1997 is as follows:

| | <u>Current Funds</u> <u>Restricted</u> |
|------------------------------|---|
| Revenue (Contributions): | |
| Donated food supplies | 24,132 |
| Donated travel | 1,640 |
| Donated labor | 1,430 |
| Donated capital expenditures | <u>5,300</u> |
| | <u>\$ 32,502</u> |

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
 MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1997

| | <u>Current Funds</u> <u>Reimburse</u> |
|--------------------------------------|--|
| Expenses: | |
| Hope Center- | |
| Food supplies | 12,076 |
| Travel | 728 |
| Labor | 725 |
| Total Hope Center | <u>\$ 13,529</u> |
| Hamilton House- | |
| Food Supplies | 12,076 |
| Travel | 728 |
| Labor | 725 |
| Total Hamilton House | <u>\$ 13,529</u> |
| Total Expenses | <u>\$ 27,058</u> |
| Capital Expenditures: | |
| Hope Center - | |
| Equipment | <u>\$ 5,000</u> |
| Total Expense & Capital Expenditures | <u>\$ 32,058</u> |

NOTE 3: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(Continued)

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1997

NOTE 8. RELATED PARTY TRANSACTIONS

1. James Hamilton is the finance director for the Washington Street Hope Center, Inc. and administrator of Hamilton House as well as the owner of his own insurance company. For the year ended June 30, 1997, Washington Street Hope Center, Inc. purchased \$11,343 for insurance policies through Mr. Hamilton's insurance company, which was reported as insurance expense.
2. Jo Hamilton, also a director for the Washington Street Hope Center, Inc., leases the Hope Center building personally.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Washington Street Hope Center, Inc. was not involved in any litigation at June 30, 1997.

NOTE 10. FEDERAL AWARDS

The Corporation is funded largely by reimbursements under its contractual agreement with the State of Louisiana Department of Health and Hospitals, and Office of Human Services. Funding under this contract consists of federal funds.

NOTE 11. LOSS ON PROJECT ABANDONMENT

The agency, in a prior fiscal year, started The Bailey Hotel Halfway House Project. The project was to provide a Community Rehabilitation Program for recovering male substance abusers. Due to local community opposition the project was abandoned. The agency had incurred total cost of \$149,070 in capital expenditures when the project was abandoned in the current fiscal year. A total of \$122,457 of the total \$149,070 was unrecoverable and was lost because of the abandonment.

(Continued)

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Albert H. Pagan

CERTIFIED PUBLIC ACCOUNTANT
of Professional Cooperation

MEMBER
SOCIETY OF CERTIFIED PUBLIC
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**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE
OF FEDERAL AWARDS**

Board of Directors
Washington Street Hope Center, Inc.
11878 Washington Street
Marksville, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a non-profit organization) as of and for the year ended June 30, 1997 and have issued our report thereon dated November 18, 1997. These financial statements are the responsibility of the Washington Street Hope Center, Inc.'s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Washington Street Hope Center, Inc. (a non-profit organization) taken as a whole. The accompanying Schedule of Federal Awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.


Marksville, Louisiana
November 18, 1997

WASHINGTON STREET HOPE CENTER, INC.
MARKSVILLE, LOUISIANA

SCHEDULE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1997

| <u>Federal Grantor/ Pass-Through Grantor/ Program Title</u> | <u>CFDA #</u> | <u>Grant Number</u> |
|---|---------------|-------------------------|
| U.S. Department of Health and Human Resources | | |

Passed Through:
State of Louisiana
Department of Health and Hospitals
Office of Human Service
Division of Alcohol and Drug Abuse
Block Grants for Prevention and
Treatment of Substance Abuse

93.899

58677
58705

Total Department of Health and Human Resources

Current Year
Revenue
Recognized

Current Year
Expenditures

\$ 144,077
132,348

\$ 144,077
132,348

\$ 276,425



Albert R. Boyer

CERTIFIED PUBLIC ACCOUNTANT
(A Professional Corporation)

MEMBER
SOCIETY OF COSTUME OWNERS
AMERICAN INSTITUTE OF CPAs

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**SINGLE AUDIT REPORT ON THE INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS**

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a non-profit organization) as of and for the year ended June 30, 1997 and have issued our report thereon dated November 18, 1997. We have also audited Washington Street Hope Center, Inc.'s compliance with requirements applicable to major federal award programs and have issued our report thereon dated November 18, 1997.

We conducted our audits 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 and whether Washington Street Hope Center, Inc. complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing our audits for the year ended June 30, 1997, we considered Washington Street Hope Center, Inc.'s internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on Washington Street Hope Center, Inc.'s financial statements 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 our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated November 18, 1997.

The management of Washington Street Hope Center, 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 the 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 system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

Cash

Support, Program Service Fees, Revenue, and Receivables
Expenses for Goods and Services and Accounts Payable
Payroll and Related Liabilities

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

During the year ended June 30, 1997, Washington Street Hope Center, Inc. expended 100 percent of its total federal awards under major programs.

We performed tests on 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 Washington Street Hope Center, Inc.'s major federal award program, which is identified in the accompanying Schedule of Federal Awards. 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.

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Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the management, the Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals. The restriction is not intended to limit the distribution of this report, which is a matter of public record.



Monroe, Louisiana
November 18, 1997

Rev'd 2/11/97



Arthur R. Lopez

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

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Marksville, Louisiana

We have audited the financial statements of Washington Street Hope Center, Inc. (a non-profit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 18, 1997.

We have applied procedures to test Washington Street Hope Center, Inc.'s compliance with the following requirements applicable to its federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1997:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable cost/cost principles
- Drug-free Workplace Act

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 Washington Street Hope Center, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

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

Board of Directors

Page 2

This report is intended for the information of management, Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Monroeville, Louisiana
November 18, 1997



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MEMBER
INSTITUTE OF CERTIFIED PUBLIC
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
SPECIAL REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AWARD PROGRAMS**

Board of Directors
Washington Street Hope Center, Inc.
118 S. Washington Street
Monroe, Louisiana

We have audited the financial statements of the Washington Street Hope Center, Inc. (a non-profit organization) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 18, 1997.

We have also audited Washington Street Hope Center, Inc.'s compliance with the requirements governing accountability for all in-kind contributions and for all income generated by the federal program activities and maintenance of records; abiding by state policy; application of client flow to-cost for client services; monthly requests for reimbursement, eligible advance on contract amounts; confidentiality of patient records; service to referred clients; payments of salaries; and types of services allowed or not allowed that are applicable to its major federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1997. The management of Washington Street Hope Center, Inc. is responsible for its 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 the provisions of Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about Washington Street Hope Center, Inc.'s compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

Board of Directors

Page 2

In our opinion, Washington Street Hope Center, Inc. complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to its major federal award program for the year ended June 30, 1997.

This report is intended for the information of management, Legislative Auditor of the State of Louisiana, and the Department of Health and Hospitals of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Monroeville, Louisiana
November 18, 1997