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**WASHINGTON STREET
HOPE CENTER, INC.**

Financial Report

Year Ended June 30, 1999

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

DEC 29 1999

Release Date _____

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Washington Street Hope Center, Inc. (a nonprofit organization) as of June 30, 1999 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 1999 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The year 2000 supplementary information is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Washington Street Hope Center, Inc. is or will become year 2000 compliant, that the Organization's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Organization does business are or will be year 2000 compliant.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Marksville, Louisiana
December 7, 1999

FINANCIAL STATEMENTS

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Statement of Financial Position
June 30, 1999

	Current Funds		Plant Fund	Totals (Memorandum Only)	
	<u>Unrestricted</u>	<u>Restricted</u>		<u>1999</u>	<u>1998</u>
	ASSETS				
Cash	\$31,357	\$ 221	\$ -	\$ 31,578	\$ 24,124
Receivables:					
Grant funds	-	21,093	-	21,093	20,869
Utility deposit	1,502	260	-	1,762	1,762
Land	-	-	4,000	4,000	4,000
Vehicles	-	-	16,700	16,700	32,117
Furniture & fixtures	-	-	8,166	8,166	8,166
Equipment	-	-	63,498	63,498	64,607
Buildings and improvements	-	-	173,672	173,672	168,714
Accumulated depreciation	-	-	(91,110)	(91,110)	(93,486)
Total assets	<u><u>\$32,859</u></u>	<u><u>\$21,574</u></u>	<u><u>\$174,926</u></u>	<u><u>\$229,359</u></u>	<u><u>\$230,873</u></u>
LIABILITIES					
Payroll taxes payable	\$ -	\$ 4,103	\$ -	\$ 4,103	\$ 5,019
Note payable - current	-	4,455	-	4,455	10,205
Total liabilities	<u><u>-</u></u>	<u><u>8,558</u></u>	<u><u>-</u></u>	<u><u>8,558</u></u>	<u><u>15,224</u></u>
NET ASSETS					
Investment in plant	-	-	174,926	174,926	184,118
Unrestricted - undesignated	<u>32,859</u>	<u>13,016</u>	<u>-</u>	<u>45,875</u>	<u>31,531</u>
Total net assets	<u><u>32,859</u></u>	<u><u>13,016</u></u>	<u><u>174,926</u></u>	<u><u>220,801</u></u>	<u><u>215,649</u></u>
Total liabilities and net assets	<u><u>\$32,859</u></u>	<u><u>\$21,574</u></u>	<u><u>\$174,926</u></u>	<u><u>\$229,359</u></u>	<u><u>\$230,873</u></u>

The accompanying notes are an integral part of this statement.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Statement of Activities
Year Ended June 30, 1999

	Current Funds		Plant Fund	Totals (Memorandum Only)	
	Unrestricted	Restricted		1999	1998
	<u> </u>	<u> </u>		<u> </u>	<u> </u>
Public support:					
Contributions	\$ 1,230	\$ 30,459	\$ -	\$ 31,689	\$ 37,279
Revenues:					
Federal grants	-	291,123	-	291,123	290,790
Local grant	5,812	-	-	5,812	8,750
Program service fees	3,237	19,557	-	22,794	20,151
Miscellaneous	<u>1,231</u>	<u>329</u>	-	<u>1,560</u>	<u>8,070</u>
Total public support and revenues	<u>11,510</u>	<u>341,468</u>	<u>-</u>	<u>352,978</u>	<u>365,040</u>
Functional expenses:					
Program services -					
Hope Center	-	159,226	5,952	165,178	174,368
Hamilton House	-	155,960	9,343	165,303	171,880
Management and general	<u>17,345</u>	<u>-</u>	<u>-</u>	<u>17,345</u>	<u>9,931</u>
Total functional expenses	<u>17,345</u>	<u>315,186</u>	<u>15,295</u>	<u>347,826</u>	<u>356,179</u>
Public support and other revenue over (under) expenses	(5,835)	26,282	(15,295)	5,152	8,861
Other changes in net assets:					
Transfer between Plant Fund and Restricted and Unrestricted Funds	<u>13,419</u>	<u>(19,522)</u>	<u>6,103</u>	<u>-</u>	<u>-</u>
Total increase (decrease) in net assets	7,584	6,760	(9,192)	5,152	8,861
Net assets, beginning	<u>25,275</u>	<u>6,256</u>	<u>184,118</u>	<u>215,649</u>	<u>206,788</u>
Net assets, ending	<u><u>\$32,859</u></u>	<u><u>\$ 13,016</u></u>	<u><u>\$174,926</u></u>	<u><u>\$220,801</u></u>	<u><u>\$215,649</u></u>

The accompanying notes are an integral part of this statement.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Statement of Functional Expenses
Year Ended June 30, 1999

	Program Services		Management and General	Total All Funds (Memorandum Only)	
	Hope Center	Hamilton House		1999	1998
Payroll:					
Salaries	\$100,682	\$ 85,688	\$ -	\$ 186,370	\$ 196,388
Payroll taxes	7,902	6,654	-	14,556	15,102
Total payroll	<u>108,584</u>	<u>92,342</u>	<u>-</u>	<u>200,926</u>	<u>211,490</u>
Other:					
Contract labor	-	1,199	1,161	2,360	1,710
Bonuses	-	-	900	900	900
Dues and subscriptions	-	640	675	1,315	55
Utilities	8,614	11,570	3,134	23,318	21,505
Postage	320	330	-	650	672
Insurance	3,758	9,638	950	14,346	17,761
Telephone	713	1,843	-	2,556	3,492
Maintenance	608	886	783	2,277	4,459
Miscellaneous	966	1,701	1,358	4,025	2,326
Rent	6,000	-	-	6,000	6,000
Interest	43	74	-	117	476
Supplies -					
Food	14,828	16,230	-	31,058	33,477
Household	2,961	4,977	-	7,938	3,491
Office	1,821	1,145	635	3,601	1,701
Medical	744	1,789	44	2,577	63
Literature	3,417	409	3,307	7,133	8,387
Other	665	4,903	632	6,200	5,645
Professional -					
Accounting & auditing	3,300	2,550	2,400	8,250	10,100
Medical	1,482	3,332	89	4,903	6,896
Other	-	-	435	435	150
Travel	402	402	842	1,646	1,032
Total other	<u>50,642</u>	<u>63,618</u>	<u>17,345</u>	<u>131,605</u>	<u>130,298</u>
Allocation of Depreciation	<u>5,952</u>	<u>9,343</u>	<u>-</u>	<u>15,295</u>	<u>14,391</u>
Total functional expenses	<u>\$165,178</u>	<u>\$165,303</u>	<u>\$17,345</u>	<u>\$347,826</u>	<u>\$356,179</u>

The accompanying notes are an integral part of this statement.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Statement of Cash Flows
Year Ended June 30, 1999

	Current Funds		Plant Fund	Total All Funds (Memorandum Only)	
	Unrestricted	Restricted		1999	1998
Cash flows from operating activities:					
Increase (decrease) in net assets	\$ 7,584	\$ 6,760	\$ (9,192)	\$ 5,152	\$ 8,861
Adjustments to reconcile increase (decrease) in net assets -					
Depreciation	-	-	15,295	15,295	14,391
Changes in operating assets & liabilities:					
Increase in grant receivable	-	(224)	-	(224)	(2,513)
Increase in security deposit	-	-	-	-	(1,452)
(Decrease) increase in payroll taxes payable	-	(916)	-	(916)	64
Total adjustments	-	(1,140)	15,295	14,155	10,490
Net cash provided (used) by operating activities	<u>7,584</u>	<u>5,620</u>	<u>6,103</u>	<u>19,307</u>	<u>19,351</u>
Cash flows from capital and related financing activities:					
Acquisition of equipment	-	-	(6,103)	(6,103)	(70,593)
Net proceeds (payments) on line of credit	-	(5,750)	-	(5,750)	4,600
Net cash used by capital and related financing activities	-	(5,750)	(6,103)	(11,853)	(65,993)
Net increase (decrease) in cash and cash equivalents	7,584	(130)	-	7,454	(46,642)
Cash and cash equivalents, beginning	<u>23,773</u>	<u>351</u>	<u>-</u>	<u>24,124</u>	<u>70,766</u>
Cash and cash equivalents, ending	<u>\$31,357</u>	<u>\$ 221</u>	<u>\$ -</u>	<u>\$31,578</u>	<u>\$24,124</u>
Supplemental data:					
Interest paid	<u>\$ -</u>	<u>\$ 476</u>	<u>\$ -</u>	<u>\$ 476</u>	<u>\$ 952</u>

The accompanying notes are an integral part of this statement.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization

Washington Street Hope Center, Inc. (the Corporation) was incorporated on July 25, 1988 and is a nonprofit 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 months whereby counselors assist patients in returning to their everyday lives. It is governed by a board of directors and employees two directors, a secretary, a cook, two counselors, and several program technicians.

B. Financial Reporting

The Corporation 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.

C. Fund Accounting

The accounts of the Corporation are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, net assets, support and revenue, and expenses. All funds are reported in the financial statements on the accrual basis of accounting. The fund classifications and a description of each follows:

Current Funds -

Unrestricted

To account for resources over which the Board of Directors has discretionary control and are used to carry out operations of the Corporation in accordance with its bylaws.

Restricted

To account for 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 -

The plant fund is designated for equipment acquisitions and for recording the costs of building and equipment and accumulated depreciation.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

D. 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 direct payments from individual patients.

E. Donated Services and Materials

Contributions of materials, facilities, and services are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These donated services and facilities were recorded at market value.

F. Plant Fund Depreciation

Expenditures for physical properties are valued at historical cost and are being depreciated on a straight-line method over the following estimated lives:

Buildings	25 years
Building improvements	10 years
Vehicles & equipment	5 years
Furniture & fixtures	5 years

G. Compensated Absences

The Corporation's policy relating to accumulated unpaid vacation, sick pay and other employee benefits indicates that each employee receives two to four weeks vacation leave each year depending on the length of employment. Employees also receive sick leave as requested each year.

Accumulated absences are not accrued in these financial statements as such amounts were considered immaterial at June 30, 1999.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

H. Income Taxes

The Corporation is a nonprofit organization and is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

I. 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.

J. 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, 1999 was immaterial.

K. Statement of Cash Flows

The Corporation considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Cash

At June 30, 1999, the Corporation had cash and interest-bearing deposits (book balances) totaling \$31,578. These deposits are stated at cost which approximates market. These deposits (bank balances) at June 30, 1999, totaled \$34,055, and were fully secured from risk by federal deposit insurance.

(3) Receivables

The following is a summary of receivables at June 30, 1999:

	Current Restricted Funds		Total
	Hope Center	Hamilton House	
Grant revenues receivable	<u>\$ 10,612</u>	<u>\$ 10,481</u>	<u>\$ 21,093</u>

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

(4) 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, 1999 follows:

Revenue (Contributions):

Donated food supplies	\$ 29,655
Donated travel	804
	<u>\$ 30,459</u>

Expenses:

Hope Center -	
Food supplies	\$ 14,827
Travel	402
Total Hope Center	<u>\$ 15,229</u>

Hamilton House -

Food supplies	\$ 14,828
Travel	402
Total Hamilton House	<u>\$ 15,230</u>

Total expenses	<u>\$ 30,459</u>
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(5) Related Party Transactions

A. James Hamilton is the finance director for 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, 1999, Washington Street Hope Center, Inc. purchased \$7,971 for insurance policies through Mr. Hamilton's insurance company which was reported as insurance expense.

B. Jo Hamilton, also a director for Washington Street Hope Center, Inc., leases the Hope Center building personally.

(6) Litigation

The Corporation was not involved in any litigation at June 30, 1999.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

(7) 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, which consist of federal funds. These funds are subject to review and audit by the grantor. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of management, the amount of disallowances, if any, would not be significant to the financial statements.

(8) Fair Values of Financial Instruments

The Corporation's financial instruments, none of which are held for trading purposes, include cash, grant receivable, and payroll taxes payable. The Corporation estimates that the fair value of all financial instruments at June 30, 1999 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Corporation using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Corporation could realize in a current market exchange.

INTERNAL CONTROL AND COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Washington Street Hope Center, Inc.
Marksville, 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, 1999, and have issued our report thereon dated December 7, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Washington Street Hope Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Washington Street Hope Center Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and management, others within the organization and grant awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Marksville, Louisiana
December 7, 1999

OTHER SUPPLEMENTARY INFORMATION

WASHINGTON STREET HOPE CENTER, INC.
Impact of Year 2000 on Computer Programs (Unaudited)

Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of Washington Street Hope Center, Inc.'s computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, or engage in similar normal business activities.

Management has determined that Washington Street Hope Center, Inc. is not significantly dependent on computerized systems for essential operations. There were no contracted amounts committed to this project as of June 30, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Organization is or will be year 2000 ready, that the Organization's remediation efforts will be successful in whole or in part, or that the parties with whom the Organization does business will be year 2000 ready.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Current and Prior Year Findings
June 30, 1999

Current Year Findings -

There are no findings and/or comments mentioned in the June 30, 1999 audit report that require a corrective action plan.

Prior Year Findings -

There were no findings and/or comments mentioned in the June 30, 1998 audit report that required follow-up procedures.