

**BRIDGE HOUSE CORPORATION**  
**NEW ORLEANS, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9-8-04

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Bridge House Corporation  
1160 Camp Street  
New Orleans, Louisiana 70130

We have audited the accompanying statements of financial position of Bridge House Corporation (a nonprofit organization) as of December 31, 2003 and 2002, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* 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 audits 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 audits provide 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 Bridge House Corporation as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2004, on our consideration of Bridge House Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**ERICKSEN KRENTEL & LAPORTE LLP**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors of  
Bridge House Corporation  
March 12, 2004  
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Our audits were performed for the purpose of forming an opinion on the basic financial statements of Bridge House Corporation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

March 12, 2004

*Erickson, Krentel & LaPorte LLP*

Certified Public Accountants

**BRIDGE HOUSE CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,029,541	\$ 918,313
Accounts receivable:		
Contracts	68,331	51,151
Trade accounts	105	4,788
Employee advances	4,946	8,804
Prepaid expenses	22,642	23,967
Inventories	198,717	119,795
Investments	3,343	3,343
Deposits	12,451	15,467
Beneficial interest in endowment fund	15,000	15,000
Land, buildings, and equipment - at cost, less accumulated depreciation of \$720,506 in 2003 and \$657,538 in 2002	<u>469,026</u>	<u>476,571</u>
 Total assets	 <u>\$ 1,824,102</u>	 <u>\$ 1,637,199</u>
 <b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 142,402	\$ 62,200
Refundable advances	-	15,861
Notes payable:		
Current portion	49,175	36,158
Long-term portion	<u>100,159</u>	<u>102,092</u>
 Total liabilities	 <u>291,736</u>	 <u>216,311</u>
 <b>NET ASSETS:</b>		
Unrestricted	1,517,366	1,405,888
Permanently restricted	<u>15,000</u>	<u>15,000</u>
 Total net assets	 <u>1,532,366</u>	 <u>1,420,888</u>
 Total liabilities and net assets	 <u>\$ 1,824,102</u>	 <u>\$ 1,637,199</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**BRIDGE HOUSE CORPORATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
<b><u>UNRESTRICTED NET ASSETS</u></b>		
<b><u>Public Support:</u></b>		
Contributions	\$ 2,564,344	\$ 2,378,652
State of Louisiana contracts	210,800	210,715
Supportive Housing contracts	197,252	191,185
Baptist Community Ministries contracts	103,459	189,536
Food stamps	62,407	53,545
City of New Orleans contract	5,000	5,000
FEMA grant	5,607	6,075
CADA grant	4,470	-
	3,153,339	3,034,708
<b><u>Other Revenue:</u></b>		
Client service fees	111,226	139,957
Vending	4,513	3,820
Thrift stores and auto sales	2,054,390	1,978,888
Cost of goods sold	(2,054,390)	(1,978,888)
Other income	13,361	7,695
	129,100	151,472
Total unrestricted public support and unrestricted other revenue	3,282,439	3,186,180
<b><u>Expenses and Losses:</u></b>		
Program services	2,860,721	2,624,009
Supporting services:		
Management and general	116,522	109,186
Fundraising	193,090	234,964
	309,612	344,150
Total expenses	3,170,333	2,968,159
Loss on sale of equipment	628	1,118
	3,170,961	2,969,277
Increase in unrestricted net assets	111,478	216,903
Net assets, beginning of year	1,420,888	1,203,985
Net assets, end of year	\$ 1,532,366	\$ 1,420,888

See accompanying NOTES TO FINANCIAL STATEMENTS

**BRIDGE HOUSE CORPORATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Salaries	\$ 1,133,734	\$ 80,436	\$ 122,484	\$ 1,336,654
Payroll taxes	100,905	7,123	10,684	118,712
<b>Total salaries and related expenses</b>	<b>1,234,639</b>	<b>87,559</b>	<b>133,168</b>	<b>1,455,366</b>
Client allotments	-	28,963	-	28,963
Fundraising	-	-	59,922	59,922
Food	80,538	-	-	80,538
Professional services	45,363	-	-	45,363
Utilities	158,437	-	-	158,437
Telephone	49,583	-	-	49,583
Rent	414,821	-	-	414,821
Travel and education	23,396	-	-	23,396
Office	80,700	-	-	80,700
Computer expenses	18,398	-	-	18,398
Insurance	147,911	-	-	147,911
Household supplies	24,555	-	-	24,555
Auto	59,232	-	-	59,232
Maintenance and repairs	153,873	-	-	153,873
Program cost	47,292	-	-	47,292
Interest	8,520	-	-	8,520
Licenses and taxes	16,837	-	-	16,837
Thrift stores and auto sales expenses	192,398	-	-	192,398
<b>Total expenses before depreciation</b>	<b>2,756,493</b>	<b>116,522</b>	<b>193,090</b>	<b>3,066,105</b>
Depreciation of building and equipment	104,228	-	-	104,228
<b>Total expenses</b>	<b>\$ 2,860,721</b>	<b>\$ 116,522</b>	<b>\$ 193,090</b>	<b>\$ 3,170,333</b>

See accompanying NOTES TO FINANCIAL STATEMENTS

**BRIDGE HOUSE CORPORATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Salaries	\$ 1,076,964	\$ 79,226	\$ 155,645	\$ 1,311,835
Payroll taxes	94,554	7,046	13,842	115,442
<b>Total salaries and related expenses</b>	<b>1,171,518</b>	<b>86,272</b>	<b>169,487</b>	<b>1,427,277</b>
Client allotments	-	22,914	-	22,914
Fundraising	-	-	65,477	65,477
Food	73,338	-	-	73,338
Professional services	25,753	-	-	25,753
Utilities	129,876	-	-	129,876
Telephone	45,458	-	-	45,458
Rent	360,232	-	-	360,232
Travel and education	15,834	-	-	15,834
Office	77,298	-	-	77,298
Computer expenses	47,169	-	-	47,169
Insurance	126,806	-	-	126,806
Household supplies	21,756	-	-	21,756
Auto	55,461	-	-	55,461
Maintenance and repairs	138,282	-	-	138,282
Program cost	47,789	-	-	47,789
Interest	11,371	-	-	11,371
Licenses and taxes	15,602	-	-	15,602
Thrift stores and auto sales expenses	158,925	-	-	158,925
<b>Total expenses before depreciation</b>	<b>2,522,468</b>	<b>109,186</b>	<b>234,964</b>	<b>2,866,618</b>
Depreciation of building and equipment	101,541	-	-	101,541
<b>Total expenses</b>	<b>\$ 2,624,009</b>	<b>\$ 109,186</b>	<b>\$ 234,964</b>	<b>\$ 2,968,159</b>

See accompanying NOTES TO FINANCIAL STATEMENTS



**BRIDGE HOUSE CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 111,478	\$ 216,903
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	104,228	101,541
Loss on sale of equipment	628	1,118
Bad debts	969	246
(Increase) decrease in:		
Contracts receivable	(17,180)	33,167
Trade accounts receivable	3,714	(2,321)
Prepaid expenses	1,325	(4,828)
Inventories	(78,922)	48,188
Deposits	3,016	1,153
Increase (decrease) in:		
Accounts payable and accrued expenses	80,202	(1,834)
Refundable advances	(15,861)	(6,510)
Net cash provided by operating activities	<u>193,597</u>	<u>386,823</u>
<b><u>CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES:</u></b>		
Proceeds from the sale of equipment	1,560	908
Purchases of furniture, fixtures, and equipment	(98,871)	(102,512)
Net (increase) in employee advances receivable	3,858	(4,374)
Net cash (used by) investing activities	<u>(93,453)</u>	<u>(105,978)</u>
<b><u>CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES:</u></b>		
Proceeds from issuance of notes payable	49,692	36,000
Principal payments on notes payable	(38,608)	(46,139)
Net cash provided by (used by) financing activities	<u>11,084</u>	<u>(10,139)</u>
Net increase in cash and cash equivalents	111,228	270,706
Cash and cash equivalents at beginning of year	<u>918,313</u>	<u>647,607</u>
Cash and cash equivalents at end of year	<u>\$ 1,029,541</u>	<u>\$ 918,313</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003 AND 2002**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Bridge House Corporation (Bridge House) is a non-profit corporation organized to provide treatment and long-term residential aftercare for individuals with drug and alcohol addictions in the greater New Orleans area. Bridge House is supported primarily through donor contributions, thrift store and auto sales, and governmental contracts.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Use of 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.

**Cash Equivalents**

For purposes of the statement of cash flows, Bridge House considers all certificates of deposits and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Restricted Cash**

Included in cash and cash equivalents, as of December 31, 2002 is \$15,861 of cash required to be held in separate checking accounts, which is restricted for payment of refundable advances.

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003 AND 2002**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Accounts receivable consists of contracts receivable, trade accounts on used car sales and employee advances. Management monitors the receivables and assesses the collectibility of accounts on a monthly basis.

No allowance has been made for uncollectible contracts receivable and employee advances as it has been Bridge House's experience that all contracts are collected in full. Trade accounts receivable are shown net of an allowance of \$302 for the years ended December 31, 2003 and 2002.

**Inventories**

Inventories are stated at the lower of fair value at date of donation plus the cost of repairs or market.

**Fixed Assets**

Bridge House follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$2,500. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	30	Years
Furniture, fixtures and equipment	5-15	Years
Building improvements	7-30	Years
Leasehold improvements	27.5	Years
Vehicles	5-7	Years
Computer software	3	Years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Bridge House reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Bridge House reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003 AND 2002**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted and Unrestricted Contributions**

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Contributed Services**

Bridge House receives a substantial amount of services donated by its clients and supporters in carrying out Bridge House's activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

**Functional Expenses**

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to a program based on related salary expenses.

**Income Tax Status**

Bridge House is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, Bridge House qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**Advertising**

Advertising costs are expensed as incurred and included in thrift store and auto sales expenses. Advertising expense amounted to \$173,385 and \$124,080 for the years ended December 31, 2003 and 2002, respectively.

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2003 AND 2002

**(2) STATEMENT OF CASH FLOWS SUPPLEMENTARY DISCLOSURES**

Supplemental disclosures of cash flow information:

Cash paid during the year for:	<u>2003</u>	<u>2002</u>
Interest	\$ 8,520	\$ 11,371

Non-cash investing activities during the year ended December 31, 2003 consisted of the disposal of four vehicles with a cost basis of \$44,820 and accumulated depreciation of \$41,283 that resulted in a loss of \$3,537, and the abandonment of leasehold improvements at the Lapalco Street Thrift Store with a cost basis of \$1,710 and accumulated depreciation of \$328 that resulted in a loss of \$1,382.

**(3) CONTRACTS RECEIVABLE AND REVENUE**

Bridge House recognizes revenue arising from contracts with the State of Louisiana - Department of Health and Hospitals and Unity for the Homeless, Inc. Terms of the contracts provide for reimbursement of certain program costs up to specified maximum amounts or on a per diem basis for each client in the program.

**(4) INVENTORIES**

Inventories at December 31, 2003 and 2002 consist of:

	<u>2003</u>	<u>2002</u>
Thrift store items	\$ 42,128	\$ 35,841
Used cars	156,589	83,954
	<u>\$ 198,717</u>	<u>\$ 119,795</u>

**(5) FIXED ASSETS AND DEPRECIATION**

The cost of such assets at December 31, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Land and buildings	\$ 163,000	\$ 163,000
Furniture, fixtures and equipment	595,837	561,380
Building improvements	123,946	115,643
Leasehold improvements	49,516	43,226
Vehicles	257,233	250,860
	<u>1,189,532</u>	<u>1,134,109</u>
Less accumulated depreciation	<u>(720,506)</u>	<u>(657,538)</u>
	<u>\$ 469,026</u>	<u>\$ 476,571</u>

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2003 AND 2002

**(5) FIXED ASSETS AND DEPRECIATION (CONTINUED)**

Depreciation expense for the year ended December 31, 2003 and 2002 was \$104,228 and \$101,541, respectively.

**(6) BENEFICIAL INTEREST IN ENDOWMENT FUND**

Bridge House is the beneficiary of an endowment fund created by donors, the assets of which are not in the possession of Bridge House. Bridge House has legally enforceable rights and claims to such assets, including the sole right to income therefrom. Net realized and unrealized gains (losses) related to the beneficial interests are reported as changes in permanently restricted net assets based on explicit donor stipulations. At December 31, 2003, the beneficial interest in The Greater New Orleans Foundation's Bridge House Fund was a historical cost and fair value of \$15,000.

**(7) NOTES PAYABLE**

Notes payable at December 31, 2003 and 2002 consisted of the following:

	<u>2003</u>		<u>2002</u>	
	<u>Due Within</u>	<u>Due After</u>	<u>Due Within</u>	<u>Due After</u>
	<u>One Year</u>	<u>One Year</u>	<u>One Year</u>	<u>One Year</u>
Note payable to Regency Savings Bank, secured by 1 <sup>st</sup> mortgage on property located at 1141 Prytania Street, New Orleans, Louisiana. Payable in monthly installments of \$1,176 which includes principal and interest. Interest is variable, currently at 9.625% and the note matures June 30, 2005.	\$ 12,797	\$ 7,661	\$ 11,728	\$ 19,607
Note payable to Whitney National Bank, secured by 1998 tow truck. Payable in monthly installments of \$547 which includes principal and interest. Interest accrues at 5% and the note matures December 15, 2005.	5,688	5,654	5,174	11,865
Note payable to Whitney National Bank, secured by two Isuzu trucks. Payable in monthly installments of \$1,391 which includes principal and interest. Interest accrues at 5% and the note matures November 6, 2006.	13,906	29,122	12,904	43,472

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2003 AND 2002

**(7) NOTES PAYABLE (CONTINUED)**

	<u>2003</u>		<u>2002</u>	
	<u>Due Within</u> <u>One Year</u>	<u>Due After</u> <u>One Year</u>	<u>Due Within</u> <u>One Year</u>	<u>Due After</u> <u>One Year</u>
Note payable to Whitney National Bank, secured by a 2003 Isuzu truck. Payable in monthly installments of \$723 which includes principal and interest. Interest accrues at 7.5% and the note matures July 11, 2007.	6,846	19,625	6,352	27,148
Note payable to Ford Credit, secured by a 2003 Ford van. Payable in monthly installments of \$355 which includes principal and interest. Interest accrues at 0% and the note matures October 19, 2008.	5,682	22,017	-	-
Note payable to Ford Credit, secured by a 2003 Ford pick-up. Payable in monthly installments of \$355 which includes principal and interest. Interest accrues at 0% and the note matures November 8, 2008.	4,256	16,080	-	-
	<u>\$ 49,175</u>	<u>\$ 100,159</u>	<u>\$ 36,158</u>	<u>\$ 102,092</u>

Following are maturities of notes payable for each of the next five years:

2004	\$ 49,175
2005	45,630
2006	32,049
2007	14,200
2008	<u>8,280</u>
	<u>\$ 149,334</u>

Interest costs incurred and charged to expense for the years ended December 31, 2003 and 2002 was \$8,520 and \$11,371, respectively.

**(8) RESTRICTIONS ON NET ASSETS**

Permanently restricted net assets consists of a beneficial interest in endowment funds of \$15,000 at December 31, 2003 and 2002.

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003 AND 2002**

**(9) LEASES**

Bridge House makes payments monthly for the use of treatment, housing, thrift store and used car facilities. Presently, Bridge House has short term and long term agreements with the owners of these properties. Short term arrangements could be terminated at the discretion of either party to the rental agreements. Long-term leases are noncancelable operating leases that expire at various dates through July 31, 2008. These leases generally contain renewal options for periods ranging from two to ten years, include escalation clauses, and require Bridge House to pay executory costs such as taxes, maintenance and insurance. Rent expense for short and long-term leases for 2003 and 2002 was \$414,821 and \$360,232, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2003 are:

Years ending December 31:

2004	\$ 223,200
2005	167,500
2006	154,800
2007	154,800
2008	<u>90,300</u>
	<u>\$ 790,600</u>

**(10) COMMODITY ASSISTANCE**

Bridge House participated in the United States Department of Agriculture Food Distribution Program for the years ended December 31, 2003 and 2002. The program provides food commodities to Bridge House to use in the preparation of meals for clients. The value of the donated commodities was \$26,027 for the year ended December 31, 2003, and \$39,762 for the year ended December 31, 2002.

These amounts are not listed as revenues or expenditures on the accompanying statements of activities.

**(11) RELATED PARTY TRANSACTIONS**

Bridge House purchases advertising space from a local newspaper that employs a member of its board of directors. During 2003, Bridge House paid \$102,800 to this newspaper, which is included in advertising expense in the accompanying statements of activities for the year ended December 31, 2003.



**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003 AND 2002**

**(12) FINANCIAL INSTRUMENTS**

**Concentrations of Credit Risk**

Financial instruments that potentially subject Bridge House to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Bridge House's policy is to not require accounts receivable to be collateralized.

Cash balances at financial institutions and brokerage houses at December 31, 2003 in excess of insured amounts were \$856,867. Of this amount, \$515,579 was invested in money market funds which are backed by the underlying assets of those funds.

**Fair Value**

Bridge House has a number of financial instruments, none of which are held for trading purposes. The Bridge House estimates that the fair value of all financial instruments at December 31, 2003 and 2002 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

**(13) TAX-DEFERRED ANNUITY PLAN**

Bridge House has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of Bridge House. Bridge House does not contribute to the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. There were no plan expenses for the years ended December 31, 2003 and 2002.

**BRIDGE HOUSE CORPORATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Disbursements/ Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>			
Louisiana Department of Health and Hospitals, Office of Alcohol and Drug Abuse			
Block Grants for Prevention and Treatment of Substance Abuse			
- Substance Abuse Treatment Conference Grant	93.959	589569/597953	\$ 146,000
- Residential Treatment	93.959	589563/597954	64,800
The City of New Orleans, New Orleans Department of Health Health Center Grants for Homeless Populations			
- New Orleans, Health Care for the Homeless Program	93.151	01-HLTH-010	<u>5,000</u>
Total U.S. Department of Health and Human Services			<u>215,800</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Unity for the Homeless, Inc. Supportive Housing Program			
- Substance Abuse	14.235	LA48B003005	129,852 *
- Youth/Substance Abuse	14.235	LA48B103009/LA48B203010	17,333 *
- Outreach/Project Reach	14.235	LA48B003002	<u>50,067 *</u>
Total U.S. Department of Housing and Urban Development			<u>197,252</u>
<b><u>Federal Emergency Management Agency</u></b>			
United Way - City of New Orleans Emergency Food and Shelter National Board Program			
	83.523	19-3658-00	<u>5,607</u>
<b><u>U.S. Department of Agriculture</u></b>			
Louisiana Department of Agriculture Commodity Supplemental Food Program			
- Second Harvesters Food Bank of Greater New Orleans	10.565	-	<u>26,027</u>
Total			<u>\$ 444,686</u>

**\* Major Program**

Note: The schedule of expenditures of federal awards is a summary of the activity of Bridge House Corporation's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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\*PROFESSIONAL CORPORATION  
BENJAMIN J. ERICKSEN - RETIRED  
J.V. LECLERE KRENTEL - RETIRED

## **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 of  
Bridge House Corporation  
1160 Camp Street  
New Orleans, Louisiana 70130

We have audited the financial statements of Bridge House Corporation (a non-profit organization), as of and for the year ended December 31, 2003, and have issued our report thereon dated March 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Bridge House Corporation'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 Bridge House Corporation'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

**ERICKSEN KRENTEL & LAPORTELLP**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors of  
Bridge House Corporation  
March 12, 2004  
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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, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 12, 2004

*Erickson, Krentel & LaPorte LLP*

Certified Public Accountants

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of  
Bridge House Corporation  
1160 Camp Street  
New Orleans, Louisiana 70130

### Compliance

We have audited the compliance of Bridge House Corporation (a non-profit organization), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. Bridge House Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Bridge House Corporation's management. Our responsibility is to express an opinion on Bridge House Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bridge House Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Bridge House Corporation's compliance with those requirements.

In our opinion, Bridge House Corporation, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

**ERICKSEN KRENTEL & LAPORTELLI**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors of  
Bridge House Corporation  
March 12, 2004  
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**Internal Control Over Compliance**

The management of Bridge House Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bridge House Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal 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 over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the board of directors, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 12, 2004

*Erickson, Krentel & Laporte LLP*

Certified Public Accountants

**BRIDGE HOUSE CORPORATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Bridge House Corporation.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the general financial statements of Bridge House Corporation were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Bridge House Corporation expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Bridge House Corporation.
7. The programs tested as major programs were the Supportive Housing Programs (CFDA number 14.235).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Bridge House Corporation was determined to be a low risk auditee.

**B. FINDINGS -- FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

**D. SUMMARY OF PRIOR AUDIT FINDINGS**

None