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**WASHINGTON STREET
HOPE CENTER, INC.**

Financial Report

Years Ended June 30, 2004 and 2003

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 1-26-05

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INDEPENDENT AUDITORS' REPORT

* A Professional Accounting Corporation

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, 2004 and 2003 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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. 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 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 Washington Street Hope Center, Inc. as of June 30, 2004 and 2003 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 December 3, 2004, on our consideration of Washington Street Hope Center, Inc.'s internal control over financial reporting and 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.

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

Marksville, Louisiana
December 3, 2004

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FINANCIAL STATEMENTS

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Comparative Statement of Financial Position
June 30, 2004 and 2003

	2004	2003
ASSETS		
Cash	\$ 31,302	\$ 15,596
Receivables:		
Grant funds	16,498	17,362
Other	234	230
Utility deposit	1,762	1,762
Property and equipment, net of accumulated depreciation	134,498	144,681
Total assets	\$184,294	\$179,631
LIABILITIES		
Payroll taxes payable	\$ 936	\$ 752
Accounts payable	2,558	2,340
Due to employee	-	3,000
Note payable - current	-	8,505
Total liabilities	3,494	14,597
NET ASSETS		
Unrestricted net assets:		
Undesignated	27,522	5,203
Fixed assets	134,498	144,681
Total unrestricted net assets	162,020	149,884
Permanently restricted net assets	16,195	15,150
Total net assets	180,800	165,034
Total liabilities and net assets	\$184,294	\$179,631

The accompanying notes are an integral part of this statement.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Statement of Activities
Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals (Memorandum Only)</u>	
			<u>2004</u>	<u>2003</u>
Support:				
Contributions	\$ 4,294	\$ 17,636	\$ 21,930	\$ 18,798
Revenues:				
Federal grants	-	230,580	230,580	182,610
Program service fees	24,966	-	24,966	10,700
Miscellaneous	<u>10,367</u>	<u>-</u>	<u>10,367</u>	<u>5,997</u>
Total support and revenues	<u>39,627</u>	<u>248,216</u>	<u>287,843</u>	<u>218,105</u>
Functional expenses:				
Program services -				
Hope Center	10,183	244,690	254,873	221,346
Management and general	<u>17,204</u>	<u>-</u>	<u>17,204</u>	<u>21,773</u>
Total functional expenses	<u>27,387</u>	<u>244,690</u>	<u>272,077</u>	<u>243,119</u>
Public support and other revenue over (under) expenses	12,240	3,526	15,766	(25,014)
Other changes in net assets:				
Operating transfers	<u>2,481</u>	<u>(2,481)</u>	<u>-</u>	<u>-</u>
Total increase (decrease) in net assets	14,721	1,045	15,766	(25,014)
Net assets, beginning	<u>149,884</u>	<u>15,150</u>	<u>165,034</u>	<u>190,048</u>
Net assets, ending	<u>\$ 164,605</u>	<u>\$ 16,195</u>	<u>\$ 180,800</u>	<u>\$165,034</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, 2003

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals (Memorandum Only)</u>	
			<u>2003</u>	<u>2002</u>
Support:				
Contributions	\$ 2,184	\$ 16,614	\$ 18,798	\$ 19,017
Revenues:				
Federal grants	-	182,610	182,610	180,975
Program service fees	10,700	-	10,700	7,059
Miscellaneous	<u>5,997</u>	<u>-</u>	<u>5,997</u>	<u>3,311</u>
Total support and revenues	<u>18,881</u>	<u>199,224</u>	<u>218,105</u>	<u>210,362</u>
Functional expenses:				
Program services -				
Hope Center	10,319	211,027	221,346	211,595
Hamilton House	-	-	-	7,177
Management and general	<u>21,773</u>	<u>-</u>	<u>21,773</u>	<u>18,647</u>
Total functional expenses	<u>32,092</u>	<u>211,027</u>	<u>243,119</u>	<u>237,419</u>
Public support and other revenue under expenses	(13,211)	(11,803)	(25,014)	(27,057)
Other changes in net assets:				
Operating transfers	<u>(18,671)</u>	<u>18,671</u>	<u>-</u>	<u>-</u>
Total increase (decrease) in net assets	(31,882)	6,868	(25,014)	(27,057)
Net assets, beginning	<u>181,766</u>	<u>8,282</u>	<u>190,048</u>	<u>217,105</u>
Net assets, ending	<u>\$ 149,884</u>	<u>\$ 15,150</u>	<u>\$ 165,034</u>	<u>\$190,048</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, 2004

	<u>Program Services</u>	Management	Totals	
	Hope Center	and General	(Memorandum Only)	
			2004	2003
Payroll:				
Salaries	\$ 151,406	\$ -	\$151,406	\$131,641
Payroll taxes	11,684	-	11,684	10,130
Total payroll	<u>163,090</u>	<u>-</u>	<u>163,090</u>	<u>141,771</u>
Other:				
Contract labor	1,675	1,200	2,875	3,369
Bonuses	-	550	550	550
Dues and subscriptions	-	65	65	100
Utilities	14,619	-	14,619	11,791
Postage	-	592	592	69
Insurance	11,168	943	12,111	10,269
Telephone	2,704	-	2,704	2,652
Maintenance	8,762	3,893	12,655	9,717
Miscellaneous	2,561	1,755	4,316	2,631
Rent	3,000	-	3,000	2,900
Supplies -				
Food	16,626	-	16,626	15,697
Household	4,044	165	4,209	4,639
Office	1,934	27	1,961	1,411
Medical	1,141	390	1,531	562
Literature	-	5,933	5,933	3,896
Other	-	-	-	52
Professional -				
Accounting & auditing	6,550	-	6,550	7,000
Architect	-	-	-	6,162
Medical	6,050	-	6,050	4,742
Other	-	1,691	1,691	287
Travel	766	-	766	2,533
Total other	<u>81,600</u>	<u>17,204</u>	<u>98,804</u>	<u>91,029</u>
Allocation of Depreciation	<u>10,183</u>	<u>-</u>	<u>10,183</u>	<u>10,319</u>
Total functional expenses	<u>\$ 254,873</u>	<u>\$ 17,204</u>	<u>\$272,077</u>	<u>\$243,119</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, 2003

	<u>Program Services</u>	Management	Totals	
	Hope	and	(Memorandum Only)	
	Center	General	2003	2002
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Payroll:				
Salaries	\$ 131,641	\$ -	\$131,641	\$127,397
Payroll taxes	<u>10,130</u>	<u>-</u>	<u>10,130</u>	<u>12,637</u>
Total payroll	<u>141,771</u>	<u>-</u>	<u>141,771</u>	<u>140,034</u>
Other:				
Contract labor	1,689	1,680	3,369	6,528
Bonuses	-	550	550	650
Dues and subscriptions	-	100	100	30
Utilities	10,474	1,317	11,791	12,936
Postage	-	69	69	438
Insurance	9,320	949	10,269	8,386
Telephone	2,652	-	2,652	2,828
Maintenance	5,804	3,913	9,717	5,659
Miscellaneous	804	1,827	2,631	1,216
Rent	2,900	-	2,900	3,000
Supplies -				
Food	15,606	91	15,697	13,748
Household	3,762	877	4,639	4,892
Office	1,107	304	1,411	1,044
Medical	252	310	562	169
Literature	-	3,896	3,896	4,918
Other	-	52	52	400
Professional -				
Accounting & auditing	7,000	-	7,000	7,950
Architect	1,144	5,018	6,162	3,108
Medical	4,565	177	4,742	6,362
Other	-	287	287	976
Travel	<u>2,177</u>	<u>356</u>	<u>2,533</u>	<u>1,183</u>
Total other	<u>69,256</u>	<u>21,773</u>	<u>91,029</u>	<u>86,421</u>
Allocation of Depreciation	<u>10,319</u>	<u>-</u>	<u>10,319</u>	<u>10,964</u>
Total functional expenses	<u>\$ 221,346</u>	<u>\$21,773</u>	<u>\$243,119</u>	<u>\$237,419</u>

The accompanying notes are an integral part of this statement.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Comparative Statement of Cash Flows
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 15,766	\$ (25,014)
Adjustments to reconcile increase (decrease) in net assets -		
Depreciation	10,183	10,319
Changes in operating assets & liabilities:		
(Increase) decrease in grant receivable	864	(6,750)
Increase in other receivables	(4)	(230)
Increase (decrease) in accounts payable	218	(89)
Increase (decrease) in payroll taxes payable	<u>184</u>	<u>(6)</u>
Total adjustments	<u>11,445</u>	<u>3,244</u>
Net cash provided (used) by operating activities	<u>27,211</u>	<u>(21,770)</u>
Cash flows from capital and related financing activities:		
Proceeds from short-term financing	-	13,500
Payments on short-term financing	(11,505)	(2,000)
Net acquisition of equipment	<u>-</u>	<u>(7,599)</u>
Net cash provided (used) by capital and related financing activities	<u>(11,505)</u>	<u>3,901</u>
Net increase (decrease) in cash and cash equivalents	15,706	(17,869)
Cash and cash equivalents, beginning	<u>15,596</u>	<u>33,465</u>
Cash and cash equivalents, ending	<u>\$ 31,302</u>	<u>\$ 15,596</u>
Supplemental data:		
Interest paid	<u>\$ 259</u>	<u>\$ -</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. Nature of Activities

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 is governed by a board of directors, and employees consisting of two directors, a secretary, a cook, two counselors, and several program technicians.

B. Financial Statement 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 Corporation 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.

C. Basis of Accounting

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

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.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

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. Fixed Asset 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, 2004.

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.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

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, 2004 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.

M. Totals – Memorandum Only

Total columns on the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash

At June 30, 2004, the Corporation had cash and interest-bearing deposits (book balances) totaling \$31,302. These deposits are stated at cost which approximates market. These deposits (bank balances) at June 30, 2004, totaled \$36,980, and were fully secured from risk by federal deposit insurance.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

(3) Receivables

The following is a summary of receivables at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Grant revenue receivable	\$ 16,498	\$ 17,362
Other receivables	234	230
	<u>\$ 16,732</u>	<u>\$ 17,592</u>

(4) Fixed Assets

A summary of property and equipment at June 30, 2004 follows:

	<u>2004</u>	<u>2003</u>
Buildings and improvements	\$ 183,158	\$ 183,158
Equipment	52,900	52,900
Vehicles	16,700	16,700
Furniture and fixtures	11,390	11,390
Land	4,000	4,000
	<u>268,148</u>	<u>268,148</u>
Less: accumulated depreciation	<u>(133,650)</u>	<u>(123,467)</u>
Net property and equipment	<u>\$ 134,498</u>	<u>\$ 144,681</u>

(5) 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 years ended June 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Public support restricted (Contributions):		
Donated food supplies	\$ 15,353	\$ 14,033
Donated labor	475	489
Donated travel	680	2092
Donated Training	1,128	-
Total public support restricted	<u>\$ 17,636</u>	<u>\$ 16,614</u>

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

	<u>2004</u>	<u>2003</u>
Expenses:		
Hope Center -		
Food supplies	\$ 15,353	\$ 14,033
Labor	475	489
Travel	680	2,092
Training	<u>1,128</u>	<u>-</u>
Total Hope Center	<u>\$ 17,636</u>	<u>\$ 16,614</u>

(6) Related Party Transactions

- A. James Hamilton is the finance director for Washington Street Hope Center, Inc. For the year ended June 30, 2004, Washington Street Hope Center, Inc. purchased \$1,861 of insurance policies through an insurance company that is owned by Mr. Hamilton's son. This amount was reported as insurance expense.
- B. Jo Hamilton, also a director for Washington Street Hope Center, Inc., leases the Hope Center building personally for \$250 per month.
- C. James Hamilton, finance director for Washington Street Hope Center, Inc. lent \$5,000 to the Washington Street Hope Center at no interest on November 15, 2002. Washington Street Hope Center paid \$2,000 in 2003 and \$3,000 in 2004.

(7) Litigation

The Corporation was not involved in any litigation at June 30, 2004.

(8) 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 disallowance, if any, would not be significant to the financial statements.

WASHINGTON STREET HOPE CENTER, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

(9) Fair Values of Financial Instruments

The Corporation's financial instruments, none of which are held for trading purposes, include cash and grant receivable. The Corporation estimates that the fair value of all financial instruments at June 30, 2004 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of financial position.

(10) Note Payable

During the year June 30, 2004 Washington Street Hope Center paid \$8,505 principal and \$259 of interest. Therefore, the balance on the loan from Cottonport Bank is \$-0-.

**COMPLIANCE
AND
INTERNAL CONTROL**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, 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, 2004, and have issued our report thereon dated December 3, 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 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.

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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 & Company, LLC
Certified Public Accountants

Marksville, Louisiana
December 3, 2004

WASHINGTON STREET HOPE CENTER, INC.
 Marksville, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
 and Corrective Action Plan
 Year Ended June 30, 2004

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date Of Completion
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CURRENT YEAR (6/30/04) --

There were no findings and/or comments mentioned in the June 30, 2004 audit.

PRIOR YEAR (6/30/03) --

There were no findings and/or comments mentioned in the June 30, 2003 audit.