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BRIDGE HOUSE CORPORATION

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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 AUG 28 1996

Ericksen, Krentel, Canton & LaPorte, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

4227 CANAL STREET NEW ORLEANS, LOUISIANA 70119-5996

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Ericksen, Krentel, Canton & LaPorte, L.L.P.  
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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of financial position of Bridge House Corporation (a non-profit organization) as of December 31, 1995 and 1994, and the related statements of activities, cash flows, and functional expenses 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 audit.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget (OMB) Circular A-133 "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Bridge House Corporation as of December 31, 1995 and 1994, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1995 the Organization changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

Ericksen, Krentel, Canton & LaPorte, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Bridge House Corporation  
May 31, 1996  
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated May 31, 1996, on our consideration of Bridge House Corporation's internal control structure and a report dated May 31, 1996, on its compliance with laws and regulations.

May 31, 1996

*Ericksen, Krentel, Canton & LaPorte LLP*  
Certified Public Accountants

**BRIDGE HOUSE CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
<b><u>ASSETS:</u></b>		
Cash and cash equivalents	\$ 153,884	\$ 169,132
Accounts receivable	98,537	35,352
Prepaid expenses	29,425	25,084
Certificate of deposit	40,000	-
Investments	1,194	583
Land, buildings, and equipment - at cost, less accumulated depreciation of \$210,300 in 1995 and \$190,477 in 1994 (Note 4)	<u>285,116</u>	<u>297,798</u>
Total assets	<u>\$ 608,156</u>	<u>\$ 527,949</u>
<b><u>LIABILITIES:</u></b>		
Accounts payable and accrued expenses	\$ 31,015	\$ 30,153
Notes payable (Note 5)		
Current portion	19,234	21,132
Long-term portion	<u>94,738</u>	<u>112,828</u>
Total liabilities	<u>144,987</u>	<u>164,113</u>
<b><u>NET ASSETS:</u></b>		
Unrestricted	<u>463,169</u>	<u>363,836</u>
Total net assets	<u>463,169</u>	<u>363,836</u>
Total liabilities and net assets	<u>\$ 608,156</u>	<u>\$ 527,949</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
<b><u>UNRESTRICTED NET ASSETS</u></b>		
<b><u>Public Support:</u></b>		
Contributions	\$ 289,867	\$ 241,419
State of Louisiana contracts	176,318	95,335
Veterans Administration contract	259,510	255,790
FEMA Grant	1,769	4,853
City of New Orleans contract	5,000	5,000
Food stamps	29,338	29,990
Jefferson Parish contract	-	79,973
Innovative Homeless Program contract	<u>54,798</u>	<u>19,620</u>
Total unrestricted public support	<u>816,600</u>	<u>731,980</u>
<b><u>Other Revenue:</u></b>		
Client service fees	119,414	100,834
Vending	16,877	10,016
Thrift store sales	320,335	307,980
Other income	<u>3,382</u>	<u>1,491</u>
Total unrestricted other revenue	<u>460,008</u>	<u>420,321</u>
Total unrestricted public support and unrestricted other revenue	<u>1,276,608</u>	<u>1,152,301</u>
<b><u>Expenses:</u></b>		
Program services	<u>970,978</u>	<u>961,930</u>
Supporting services:		
Management and general	74,733	70,679
Fund raising	<u>131,564</u>	<u>125,967</u>
Total supporting services	<u>206,297</u>	<u>196,646</u>
Total expenses	<u>1,177,275</u>	<u>1,158,576</u>
Increase (decrease) in unrestricted net assets	99,333	(6,275)
Net assets, beginning of year, as restated	<u>363,836</u>	<u>370,111</u>
Net assets, end of year	<u>\$ 463,169</u>	<u>\$ 363,836</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION  
STATEMENTS OF CASH FLOWS  
DECEMBER 31, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Increase (decrease) in net assets	\$ 99,333	\$ (6,275)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	38,214	37,724
Loss on sale of assets	-	21,018
(Increase) decrease in accounts receivable	(63,185)	3,990
(Increase) decrease in prepaids	(4,341)	3,692
Increase (decrease) in accounts payable and accrued expenses	<u>862</u>	<u>(17,564)</u>
Net cash provided by operating activities	<u>70,883</u>	<u>42,585</u>
<b><u>CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES:</u></b>		
Purchases of certificate of deposit	(40,000)	-
Increase in investments	(611)	(535)
Purchases of furniture, fixtures, and equipment	<u>(25,532)</u>	<u>(33,121)</u>
Net cash used by investing activities	<u>(66,143)</u>	<u>(33,656)</u>
<b><u>CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES:</u></b>		
Proceeds from new borrowings	-	22,393
Principal payments on notes payable	<u>(19,988)</u>	<u>(20,015)</u>
Net cash provided (used) by financing activities	<u>(19,988)</u>	<u>2,378</u>
Net increase (decrease) in cash and cash equivalents	(15,248)	11,307
Cash and cash equivalents at beginning of period	<u>169,132</u>	<u>157,825</u>
Cash and cash equivalents at end of period	<u>\$ 153,884</u>	<u>\$ 169,132</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**BRIDGE HOUSE CORPORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 1995**

	Program Services	Supporting Services Management and General	Fund Raising	Total
Salaries	\$ 401,962	\$ 65,949	\$ 79,001	\$ 546,912
Payroll taxes	<u>32,346</u>	<u>5,307</u>	<u>6,357</u>	<u>44,010</u>
<b>Total salaries and related expenses</b>	<b>434,308</b>	<b>71,256</b>	<b>85,358</b>	<b>590,922</b>
Client allotments	-	3,477	-	3,477
Fund raising	-	-	46,206	46,206
Vending machines	12,225	-	-	12,225
Food	47,793	-	-	47,793
Professional services	6,133	-	-	6,133
Utilities	86,456	-	-	86,456
Telephone	11,699	-	-	11,699
Rent	105,704	-	-	105,704
Travel	10,188	-	-	10,188
Office	16,320	-	-	16,320
Insurance	61,653	-	-	61,653
Household supplies	14,426	-	-	14,426
Auto	21,783	-	-	21,783
Maintenance and repairs	62,173	-	-	62,173
Program cost	23,870	-	-	23,870
Interest	12,733	-	-	12,733
Licenses and taxes	5,300	-	-	5,300
Loss due to non-renewal of contract	-	-	-	-
<b>Total expenses before depreciation</b>	<b>932,764</b>	<b>74,733</b>	<b>131,564</b>	<b>1,139,061</b>
Depreciation of building and equipment	<u>38,214</u>	<u>-</u>	<u>-</u>	<u>38,214</u>
<b>Total expenses</b>	<b>\$ 970,978</b>	<b>\$ 74,733</b>	<b>\$ 131,564</b>	<b>\$ 1,177,275</b>

See accompanying NOTES TO FINANCIAL STATEMENTS

**BRIDGE HOUSE CORPORATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 1994**

Program Services	Management and General	Supporting Services Fund Raising	Total
Salaries	\$ 369,919	\$ 60,370	\$ 70,847
Payroll taxes	<u>32,471</u>	<u>5,299</u>	<u>6,219</u>
Total salaries and related expenses	402,390	65,669	77,066
Client allotments	-	5,010	-
Fund raising	-	-	48,901
Vending machines	7,692	-	-
Food	49,378	-	-
Professional services	7,510	-	-
Utilities	89,913	-	-
Telephone	11,319	-	-
Rent	117,161	-	-
Travel	11,668	-	-
Office	17,466	-	-
Insurance	62,710	-	-
Household supplies	17,014	-	-
Auto	22,566	-	-
Maintenance and repairs	65,462	-	-
Sundry	-	-	-
Program cost	21,299	-	-
Interest	11,757	-	-
Licenses and taxes	4,328	-	-
Loss due to non-renewal of contract	<u>4,573</u>	-	<u>4,573</u>
Total expenses before depreciation	924,206	70,679	125,967
Depreciation of building and equipment	<u>37,724</u>	-	<u>37,724</u>
Total expenses	<u>\$ 961,930</u>	<u>\$ 70,679</u>	<u>\$ 1,158,576</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1995 AND 1994**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Bridge House Corporation (Bridge House) is chartered in the State of Louisiana as a non-profit organization without capital stock and provides treatment and long-term residential aftercare for individuals with drug and alcohol addictions. Bridge House is supported primarily through donor contributions and governmental contracts.

**Change in Accounting Method**

**Financial Statement Presentation**

In 1995, Bridge House adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, Bridge House 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. In addition, Bridge House is required to present a statement of cash flows. As permitted by this new statement, Bridge House has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1995 and 1994.

**Contributions**

Bridge House also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1995. Bridge House previously recorded promises to give in future periods as deferred revenue when it was notified of the promises and recognized promises as contributions in the period to which they related. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. As permitted by SFAS No. 116, Bridge House has retroactively applied the provisions of this new statement by restating net assets as of December 31, 1994. The implementation of this new statement had no effect on the change in net assets for 1995 or 1994.

The financial statements for 1994 have been restated for the effects of FASB 116 & 117.

BRIDGE HOUSE CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 1995 AND 1994

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the organization's program services and in its fund-raising campaigns.

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 taxes as stated in Section 501(c)(3) of the Internal Revenue Code, and is not considered a private foundation.

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) STATEMENT OF CASH FLOWS SUPPLEMENTARY DISCLOSURES

Supplemental disclosures of cash flow information:

Cash paid during the year for:

	<u>1995</u>	<u>1994</u>
Interest	\$ 12,733	\$ 11,757

(3) CONTRACTS

Bridge House recognizes revenue arising from contracts with the State of Louisiana - Department of Health and Hospitals. Terms of the contracts provide for reimbursement of certain program costs up to specified maximum amounts.

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 1995 AND 1994

**(3) CONTRACTS (CONTINUED)**

In addition, Bridge House maintains several contracts with various Veteran's Administration districts whereby revenue is received on a per diem basis for each patient in the program.

No allowance has been made for uncollectible receivables as it has been Bridge House's experience that all contracts are collected in full.

**(4) PLANT ASSETS AND DEPRECIATION**

Depreciation of plant assets is calculated on the straight-line basis over the estimated useful lives of the assets. The cost of such assets at December 31, 1995 and 1994 are as follows:

	<u>1995</u>	<u>1994</u>
Land and buildings	\$ 140,000	\$ 140,000
Furniture, fixtures and equipment	187,195	166,927
Building improvements	86,533	86,533
Automobiles	<u>81,688</u>	<u>81,688</u>
	495,416	475,148
Less accumulated depreciation	<u>210,300</u>	<u>177,350</u>
	<u>\$ 285,116</u>	<u>\$ 297,798</u>

Depreciation expense for the year ended December 31, 1995 and 1994 was \$38,214 and \$37,724, respectively.

**(5) NOTES PAYABLE**

Notes payable at December 31, 1995 and 1994 consisted of the following:

	<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>
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Note payable to Amresco Management, Inc., as receiver for American Savings and Loan Association, secured by 1st mortgage on property located at 1141 Prytania Street, New Orleans, Louisiana. Payable in monthly installments of \$1,217 which includes principal and interest. Interest accrues at 9.125% and the note matures June 30, 2005.

	\$ 6,557	\$ 84,581	\$ 6,821	\$ 89,549
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**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 1995 AND 1994

**(4) NOTES PAYABLE (CONTINUED)**

	<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 General Motors Acceptance Corporation, secured by 1994 Chevrolet truck. Payable in monthly installments of \$573 which includes principal and interest. Interest accrues at 10.50% and the note matures April 7, 1998.	5,707	8,027	5,096	14,183
Note payable to General Motors Acceptance Corporation, secured by 1992 Chevrolet truck. Payable in monthly installments of \$338 which includes principal and interest. Interest accrues at 6.90% and the note matures April 19, 1996.	1,003	-	3,844	1,003
Note payable to General Motors Acceptance Corporation, secured by 1992 Chevrolet truck. Payable in monthly installments of \$544 which includes principal and interest. Interest accrues at 10.5% and the note matures April 22, 1997.	<u>5,967</u>	<u>2,130</u>	<u>5,371</u>	<u>8,093</u>
	<u>\$ 19,234</u>	<u>\$ 94,738</u>	<u>\$ 21,132</u>	<u>\$ 112,828</u>

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

1996	\$ 19,234
1997	15,648
1998	9,555
1999	8,613
2000	9,433
Thereafter	<u>51,489</u>
	<u>\$ 113,972</u>

**(6) LEASES**

Bridge House makes payments monthly for the use of four of its six treatment and housing facilities. Presently, Bridge House has no leases with the owners of these properties and these arrangements could be terminated at the discretion of either party to the rental agreements. Such termination could adversely affect the program treatment services of Bridge House.

**BRIDGE HOUSE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 1995 AND 1994**

**(7) COMMODITY ASSISTANCE**

Bridge House participated in the United States Department of Agriculture Food Distribution Program for the year ended December 31, 1995 and 1994. The program provides food commodities to Bridge House to use in the preparation of meals for clients of Bridge House. The value of the donated commodities was \$19,725 for the year ended December 31, 1995, and \$25,633 for the year ended December 31, 1994. These amounts are not listed as revenues or expenditures of the Operating Fund on the accompanying statement of activities.

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**INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF FEDERAL AWARDS**

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

We have audited the financial statements of Bridge House Corporation (a non-profit organization) as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated May 31, 1996. 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 audit.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget (OMB) Circular A-133 "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 conducted for the purpose of forming an opinion on the financial statements of Bridge House Corporation taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

May 31, 1996

*Ericksen, Krentel, Canton & LaPorte LLP*  
Certified Public Accountants

**BRIDGE HOUSE CORPORATION  
SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 1995**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<b><u>OTHER FEDERAL AWARDS NON MAJOR PROGRAMS</u></b>			
<b><u>Department of Health and Human Services</u></b>			
Louisiana Department of Health and Hospitals, Office of Alcohol and Drug Abuse			
Project Grants for Health Services to the Homeless	93.151	06-H-00102102	\$ 5,000
Substance Abuse Treatment Conference Grant	93.218	90-B1-LA-ADMS-03	72,270
Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	93.196	9-8351	69,319
<b><u>Federal Emergency Management Agency</u></b>			
United Way - City of New Orleans			
Federal Emergency Management Food and Shelter Program	83.523	8-3658	1,769
<b><u>U.S. Department of Agriculture</u></b>			
Louisiana Department of Agriculture			
Commodity Supplemental Food Program	10.565	-	19,725
<b><u>Department of Housing and Urban Development</u></b>			
Unity for the Homeless, Inc.			
Innovative Homeless Program	14.245	LA48I94-0237	54,798
Supportive Housing Program	14.235	LA48I94-0237	<u>21,431</u>
Total			<u>\$244,312</u>

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL STRUCTURE BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Bridge House Corporation (a non-profit organization) as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated May 31, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Louisiana Governmental Audit Guide, and 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.

The management of Bridge House Corporation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

To the Board of Directors  
Bridge House Corporation  
May 31, 1996  
Page 2

In planning and performing our audit of the financial statements of Bridge House Corporation for the years ended December 31, 1995 and 1994, 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 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 operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, all agencies required to receive this report. This restriction is not intended to limit the distribution of this report, which is matter of public record.

May 31, 1996

*Ericksen, Krentel, Canton & LaPorte LLP*

Certified Public Accountants

Ericksen, Krentel, Canton & LaPorte, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Bridge House Corporation (a non-profit organization) as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated May 31, 1996.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide, and 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.

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

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

This report is intended for the information of the Board of Directors, management and all agencies required to receive this report. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

May 31, 1996

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

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

We have audited the financial statements of Bridge House Corporation (a non-profit organization) as of and for the year ended December 31, 1995 and 1994, and have issued our report thereon dated May 31, 1996.

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

In planning and performing our audit for the years ended December 31, 1995 and 1994, we considered Bridge House Corporation's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on Bridge House Corporation's financial statements and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated May 31, 1996.

The management of Bridge House Corporation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed

To the Board of Directors  
Bridge House Corporation  
May 31, 1996  
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in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

**Activity Cycles**

- \* Revenue/Receipts
- \* Purchases/Disbursements

**General Requirements**

- \* Political Activity
- \* Civil Rights
- \* Federal Financial Reports
- \* Allowable costs/cost principles
- \* Drug-free Workplace Act

**Specific Requirements**

- \* Types of services allowed or not allowed
- \* Eligibility
- \* Reporting
- \* Special requirements, where applicable

For all of the internal control structure categories listed above, 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.

During the year ended December 31, 1995, Bridge House Corporation had no major federal award programs and expensed 58.0% of its total federal awards under the following nonmajor programs:

Department of Health and Human Services  
Substance Abuse Treatment Conference Grants  
Cooperative Agreements for Drug Abuse Treatment Improvement  
in Target Cities

To the Board of Directors  
Bridge House Corporation  
May 31, 1996  
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We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. 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.

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 condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 Board of Directors, management, all agencies which are required to receive this report, and those governments from which Federal financial assistance was received, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is matter of public record.

May 31, 1996

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

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

We have audited the financial statements of Bridge House Corporation (a non-profit organization) as of and for the years December 31, 1995 and 1994, and have issued our report thereon dated May 31, 1996.

We have applied procedures to test the compliance of Bridge House Corporation with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards for the year ended December 31, 1995: political activity, civil rights, federal financial reports, allowable costs/cost principles, and 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 Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Bridge House Corporation'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 those 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 Bridge House Corporation had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

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To the Board of Directors  
Bridge House Corporation  
May 31, 1996  
Page 2

This report is intended for the information of the Board of Directors, management, and all agencies which are required to receive this report, and those governments from which Federal financial assistance was received. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

May 31, 1996

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL  
AWARDS PROGRAM TRANSACTIONS**

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

We have audited the financial statements of Bridge House Corporation (a non-profit organization) as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated May 31, 1996.

In connection with our audit of the financial statements of Bridge House Corporation, and with our consideration of the Corporation's internal control structure used to administer federal awards programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal awards programs for the year ended December 31, 1995. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Bridge House Corporation's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Bridge House Corporation had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Directors, management and all agencies which are required to receive this report, and those governments from which Federal financial assistance was received. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

May 31, 1996

*Ericksen, Krentel, Canton & LaPorte, L.L.P.*

Certified Public Accountants