

HOPE HOUSE, INC.

**Accountant's Compilation and Attestation Reports,
With Financial Statements and
Notes To the Financial Statements**

For The Year Ended June 30, 2004

Deemer CPA and Consulting Services, LLC

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 2-2-05

**Hope House, Inc.
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Accountant's Compilation Report

To the Board of Director's of
Hope House, Inc.

I have compiled the accompanying statement of financial position of Hope House, Inc. as of June 30, 2004, and the related statement of activities, cash flows, and schedule of functional expenses for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

Deemer CPA and Consulting Services, LLC

Deemer CPA and Consulting Services, LLC
New Orleans, Louisiana
October 22, 2004

Hope House, Inc.
Statement of Financial Position
As of June 30, 2004

Assets

Cash	\$ 54,784
Employee Advances	1,883
Grants Receivable	27,312
Investments	17,539

Fixed Assets

Land	42,000
Buildings and Leasehold Improvements	179,108
Equipment	44,426
Accumulated Depreciation	<u>(159,731)</u>

Total Fixed Assets (Net) 105,803

Total Assets \$ 207,321

Liabilities and Net Assets

Accounts Payable	\$ 1,148
Intracompany Payable	<u>3,020</u>

Total Liabilities 4,168

Net Assets

Unrestricted	276,174
Temporarily Restricted	<u>(73,021)</u>

Total Net Assets 203,153

Total Liabilities and Net Assets \$ 207,321

The accompanying notes are an integral part of these financial statements

Hope House, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support			
Federal and State Grant funds		\$ 139,190	\$ 139,190
Donations	\$ 107,012		107,012
Contract Revenue	49,572		
Fundraisers	2,259		2,259
Investment Income	79		79
Workshops	2,550		2,550
Rent Revenue	3,400		3,400
Other Income	3,098		3,098
Net Assets Released From Restrictions			
Restrictions Satisfied by Depreciation	15,760	(15,760)	0
Restrictions Satisfied by Payments	175,761	(175,761)	0
Total Revenues, Gains, and Other Support	359,491	(52,331)	257,588
Program Services			
Adult Learning Center	97,936		97,936
Family Transitional Housing	61,956		61,956
Direct Services	64,640		64,640
Total Program Expense	224,532	0	224,532
Support Services			
General and Administrative	112,211	0	112,211
Total Expenses	336,743	0	336,743
Change in Net Assets	22,748	(52,331)	(29,583)
Net Assets At Beginning Of Year	253,426	(20,690)	232,736
Net Assets At End Of Year	\$ 276,174	\$ (73,021)	\$ 203,153

The accompanying notes are an integral part of these financial statements.

Hope House, Inc.
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2004

Cash Flows From Operating Activities:

Changes in Net Assets	\$ (29,583)
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	15,760
Changes in Operating Assets and Liabilities	
Grant Receivable	32,544
Employee Advance	(581)
Accounts Payable	(2,021)
Payroll Liabilities	(3,071)
Intracompany Payable	<u>(1,908)</u>
Net Cash Provided by Operating Activities	11,140

Cash Flows From Investing Activities:

Purchase/Sale of Investments and Securities	<u>5,589</u>
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Net Cash Provided by Investing Activities	5,589
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Cash Flows From Financing Activities:

Net Cash Provided by Financing Activities	0
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Net Cash Increase for Period	16,729
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Cash, At Beginning of Period July 1, 2003	<u>38,055</u>
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Cash, At End of Period June 30, 2004	<u><u>\$ 54,784</u></u>
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The accompanying notes are an integral part of these financial statements

Hope House, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

1. Summary of Significant Accounting Principles

General - Hope House, Inc. is a nonprofit corporation located at 916 St. Andrew Street, in New Orleans, Louisiana. The organization provides many social services including housing, adult literacy and job training programs.

Hope House's main source of funding is grants from the Louisiana State Department of Education, City of New Orleans' Emergency Shelter Grant, and Family Transitional Housing funds.

Basis of Accounting - Hope House Inc.'s financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment - The straight line method of depreciation is used for the assets owned by Hope House, Inc. The estimated useful lives of these assets range from 3 to 40 years.

Income Taxes - Hope House, Inc. has been determined to be tax exempt under Section 501 (c) of the Internal Revenue Code.

Cash - Cash is comprised of cash on hand and in banks.

Investments – Investments are stated at cost, which approximates market.

2. Investments

The investment securities consist of Money Funds in the amount of \$17,539 at June 30, 2004.

3. Grant Receivable

Grant receivable in the amount of \$27,312 at June 30, 2004 consists of cost reimbursement requests for certain grants that were not received as of year end. The receivable is deemed collectible, therefore no allowance for doubtful accounts has been established.

4. Employee Advances

Hope House, Inc. has various outstanding loans with certain employees ranging from fifty (\$50) to five hundred dollars (\$500). The loans have no stated rate of interest or specified payback period.

5. Restrictions on Net Assets

Restrictions placed on net assets are related to the funds received by Hope House, Inc. from federal grant awards. These restrictions are released as grant rules and regulations are met by the organization.

6. Property and Equipment

Property and Equipment consisted of the following at June 30, 2004:

Land	\$ 42,000
Buildings and Leasehold Improvements	179,108
Equipment	<u>44,426</u>
Total	265,534
Less: Accumulated Depreciation	<u>(159,731)</u>
Total Property and Equipment	<u>\$105,803</u>

7. Donations

Hope House, Inc. received \$107,012 in donations from various persons and businesses. These donations did not have substantial donor restrictions.

Hope House, Inc.
Schedule of Functional Expenses
For the Fiscal Year Ended June 30, 2004

Supportive Services

Program Services

	Family Translt. Housing	Adult Learning Ctr.	Direct Services	Total Program Svcs.	Management & General	Total Expenses
Payroll Expenses	\$ 21,095	\$ 81,104	\$ 24,005	\$ 126,204	\$ 47,085	\$ 173,289
Direct Assistance	0		0	0	700	700
Repairs & Maint.	7,309			7,309	5,949	13,258
Professional Svcs.	50			50	12,450	12,500
Utilities	20,534	661	6,314	27,509	3,020	30,529
Telephone	259	1,352		1,611	3,287	4,898
Supplies	921	2,695		3,616	4,170	7,786
Administrative Fee	2,665		1,229	3,894	0	3,894
Employee Benefits	0			0	7,049	7,049
Insurance	950	1,601	123	2,674	15,746	18,420
Food Supplies	229			229	700	929
Depreciation	5,253	5,253	5,254	15,760	0	15,760
Program Expense	93	450		543		543
Rent Expense	0	3,000	26,743	29,743	65	29,808
Gifts		1,100		1,100	1,826	2,926
Postage	74	74		148	1,342	1,490
Printing	0	298		298	1,106	1,404
Dues and Subscript.	200			200	397	597
Miscellaneous	1,996	320	766	3,082	6,718	9,800
Vehicle Expense	40			40	0	40
Casual Labor	0			0	275	275
Bank Charges	288	28	206	522	326	848
Total Expenses	\$ 61,956	\$ 97,936	\$ 64,640	\$ 224,532	\$ 112,211	\$ 336,743

See Accountant's Compilation Report.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

October 4, 2004 (Date Transmitted)

Deemer CPA and Consulting Services, LLC

4335 Werner Drive

New Orleans, Louisiana 70126

(Auditors)

In connection with your review of our financial statements as of June 30, 2004 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Sh. Helianne Flavin Secretary 10-4-04 Date

Sh. Helianne Flavin Treasurer 10-4-04 Date

Janice Taylor President 10-4-04 Date

**ATTESTATION REPORT
 (Quasi-Public Entity)**

**Independent Accountant's Report
 on Applying Agreed-Upon Procedures**

To the Management of Hope House, Inc.

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Hope House, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Hope House's compliance with certain laws and regulations during the period ended June 30, 2004 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Grant Source	Grant Period	Grant Award	Grant Revenue 7/1/03 – 6/30/04
Unity for the Homeless	12/1/03- 11/30/04	\$ 54,759	\$43,644.96
Unity for the Homeless	10/1/02- 9/30/03	\$ 28,273	\$6,381.17
LA Dep't of Education	1/1/03- 9/30/03	\$ 43,940	\$5,022.15
LA Dep't of Education	7/1/03- 6/30/04	\$ 67,056	\$53,027.76
ESG 19	1/1/04- 12/31/04	\$ 35,000	\$9,012.61
ESG 18	1/1/03- 12/31/03	\$ 35,000	\$22,101.92
Total			\$139,190.57

2. For each Federal, state, and local award, I randomly selected 6 disbursements from the award administered during the period under examination.

There three separate funding sources, from which 6 disbursements were randomly selected during the period of July 1, 2003 through June 30, 2004.

3. For the items selected in procedure 2, I attempted to trace the eighteen disbursements to supporting documentation as to proper amount and payee.

I have examined cancelled checks for each of the eighteen selected disbursements to determine whether or not the proper amount was made payable to the correct payee. There was one check noted to a "Cash" payee which was for \$465, however, the supporting documentation totaled \$455. There was no explanation or supporting documentation for the \$10 difference. The client was advised that checks should not be written to "Cash" and the total amount of each check must be supported. The additional seventeen items were tested without exception.

4. For the items selected in procedure 2, I attempted to determine if the eighteen disbursements were properly coded to the correct fund and general ledger account.

Check Number 1196 which was written to "Cash" was used to disburse several Hope House clients' savings accounts to them. The clients place funds on account with Hope House under a Family Services Network program and they are able to retrieve those funds as needed. The \$465 check was improperly recorded as an expense item (Miscellaneous expense), the client was informed that this item should be reported in a liability account. The expense was recorded in the Family Transitional Housing fund but was not included in the cost reimbursement request.

The additional seventeen items tested appeared to be accurately reported to both the correct fund and general ledger account.

5. For the items selected in procedure 2, I attempted to determine whether the eighteen disbursements received approval from proper authorities.

The eighteen disbursements tested appeared to have approval from the proper authorities through review of supporting documentation and check signatures.

6. For the items selected in procedure 2: For federal, state and local awards, I determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

I reviewed the previously listed disbursements for types of services allowed or not allowed. The allowability requirements appeared to be met for seventeen disbursements, because expenditures were included in the approved budget and appeared to coincide with the goals of the program. The \$465 item tested was not an actual expense, nor was it reimbursed by the grant funding source.

Eligibility

I reviewed the previously listed disbursements for eligibility requirements. Disbursements were in accordance with the approved budget for seventeen disbursements reviewed. However, the \$465 transaction previously mentioned was not a budgeted expense item nor was it reimbursed.

Reporting

I reviewed the previously listed disbursements for reporting requirements. Seventeen disbursements were reported properly, however, one item in the amount of \$465 as previously mentioned was not properly recorded. It was properly excluded from cost reimbursement requests.

7. For the programs selected for testing in item (2), I planned to compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There were no required close-out reports provided for the programs and period under examination.

Meetings

8. I examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Management has asserted that "open meetings" documents were properly posted on the door of board meetings, and complete agendas were made available, as required. I was provided a copy of the documents that were posted which appeared to have met the open meetings LSA-RS 42:1 through 42-12 requirements.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Hope House, Inc. provided comprehensive budgets to the applicable local, state, and federal grantors for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the project, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. I reviewed the prior year audit report for any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Hope House had one prior year audit finding that was unresolved. The finding reported that gross salaries reported in Form 941's did not agree with the gross salaries reported in the general ledger. This finding was resolved during this compilation/attestation reporting period. The gross salaries in Form 941's on file agreed to the gross salaries reported in the general ledger.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the management of Hope House, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Deemer CPA and Consulting Services, LLC

October 22, 2004



November 1, 2004

State of Louisiana
Office of the Legislative Auditor
1600 N. Third St.
Baton Rouge, LA 70804

Re: Hope House, Inc.

To Whom It May Concern:

Please find included the Compilation/Attestation Report for my agency, Hope House Inc., for the year ending June 30, 2004.

The report includes a finding regarding a check written to "Cash" in the amount of \$465.00. Please accept the explanation below as a response to this finding.

Corrective Action Plan

This check was written to "cash" in order to disburse savings for several clients in our Family Services program. Our clients were encouraged to save money during the program. We held the money saved for them and returned it to them as they completed the program. I understand that this amount should have been reported as a liability, and I will do so in the future. However, please be assured that, as the report indicates, this amount was not requested for reimbursement from any of our grant programs.

If you have any questions or require additional information, please contact me.

Sincerely,

Don Everard
Director