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***Financial Report***  
***Last Hope, Inc.***  
***December 31, 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 9-15-04

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December 31, 2003

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Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Last Hope, Inc.,  
New Orleans, Louisiana.

We have audited the accompanying statements of financial position of Last Hope, Inc. (a nonprofit organization) as of December 31, 2003, and the related statement of activities, functional expense, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Last Hope, Inc. as of December 31, 2002 were audited by other auditors whose report dated June 24, 2003, expressed an unqualified opinion on those statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Last Hope, Inc. as of December 31, 2003, and the changes in its net assets and its cash flows for the year 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 June 22, 2004, on our consideration of the Organization'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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 22, 2004.

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**STATEMENTS OF FINANCIAL POSITION****Last Hope, Inc.**

December 31, 2003 and 2002

**ASSETS**

	<u>2003</u>	<u>2002</u>
<b>Current</b>		
Cash	\$ 64,110	\$ 108,325
Grants and contracts receivable	35,946	21,562
Prepaid expenses	30,000	-
Total current assets	130,056	129,887
<b>Property and Equipment, net of accumulated depreciation</b>	<u>100,698</u>	<u>108,577</u>
Total assets	<u>\$ 230,754</u>	<u>\$ 238,464</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Accrued expenses	\$ 2,000	\$ 4,614
Tenant deposits	2,123	4,797
Current portion of note payable - officers	-	484
Total current liabilities	4,123	9,895
<b>Note payable - officers</b>	<u>-</u>	<u>7,918</u>
Total liabilities	4,123	17,813
<b>Net Assets</b>		
Unrestricted	<u>226,631</u>	<u>220,651</u>
Total liabilities and net assets	<u>\$ 230,754</u>	<u>\$ 238,464</u>

See notes to financial statements.

**STATEMENTS OF ACTIVITIES****Last Hope, Inc.**

For the years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Revenues and Support</b>		
Government Grants	\$ 247,997	\$ 192,772
Contributions and special events (net of expenses of \$7,657)	102,309	74,652
Tenant Rents	63,337	73,787
Other revenue	1,200	1,883
	<u>414,843</u>	<u>343,094</u>
<b>Expenses</b>		
Program services	374,164	264,391
Management and general	34,699	50,892
	<u>408,863</u>	<u>315,283</u>
<b>Increase In Unrestricted Net Assets</b>	5,980	27,811
<b>Net Assets</b>		
Beginning of year	<u>220,651</u>	<u>192,840</u>
End of year	<u>\$ 226,631</u>	<u>\$ 220,651</u>

See notes to financial statements.

## STATEMENTS OF FUNCTIONAL EXPENSES

### Last Hope, Inc.

For the years ended December 31, 2003 and 2002

	2003		
	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Total</u>
Compensation and related expenses			
Compensation	\$ 202,805	\$ 12,272	\$ 215,077
Employee benefits:			
Payroll taxes	18,429	1,115	19,544
Workers compensation	5,648	342	5,990
Automobile expenses	1,626	-	1,626
Depreciation and amortization	19,284	807	20,091
Insurance	9,797	-	9,797
Interest	-	-	-
Licenses	-	-	-
Miscellaneous	1,000	2,060	3,060
Occupancy:			
Utilities	35,805	743	36,548
Maintenance	33,501	-	33,501
Real estate taxes	13,967	-	13,967
Postage	179	394	573
Professional services	5,641	6,399	12,040
Supplies	7,856	9,898	17,754
Telephone	3,789	669	4,458
Tenant expenses	14,837	-	14,837
	<u>\$ 374,164</u>	<u>\$ 34,699</u>	<u>\$ 408,863</u>

See notes to financial statements.

2002		
<u>Program Services</u>	<u>Management &amp; General</u>	<u>Total</u>
\$ 143,635	\$ 28,538	\$ 172,173
13,351	2,265	15,616
1,429	-	1,429
1,940	-	1,940
14,692	610	15,302
12,654	-	12,654
-	701	701
-	1,625	1,625
735	5,178	5,913
26,756	555	27,311
18,926	-	18,926
-	-	-
110	550	660
19,409	4,058	23,467
1,932	6,272	8,204
3,046	540	3,586
5,776	-	5,776
<u>\$ 264,391</u>	<u>\$ 50,892</u>	<u>\$ 315,283</u>

**STATEMENTS OF CASH FLOWS****Last Hope, Inc.**

For the years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 5,980	\$ 27,811
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	20,091	15,302
Interest payable on note payable to officers	-	701
Changes in assets and liabilities:		
Decrease (increase) in operating assets:		
Grants and contracts receivable	(14,384)	27,966
Other receivables	-	2,440
Prepaid expenses	(30,000)	-
Increase (decrease) in operating liabilities:		
Accrued expenses	(2,614)	(1,236)
Tenant deposits	(2,674)	2,414
	<u>(23,601)</u>	<u>75,398</u>
<b>Cash Flows Used In Investing Activities</b>		
Purchase of property and equipment	(12,212)	(38,155)
<b>Cash Flows Used In Financing Activities</b>		
Principal payments on note payable - officers	<u>(8,402)</u>	<u>-</u>
<b>Net Increase (Decrease) In Cash</b>	(44,215)	37,243
<b>Cash</b>		
Beginning of year	<u>108,325</u>	<u>71,082</u>
End of year	<u>\$ 64,110</u>	<u>\$ 108,325</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**Last Hope, Inc.**

December 31, 2003 and 2002

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Operations**

Last Hope, Inc. (the Organization) is a nonprofit corporation which provides residential treatment facilities for individuals suffering from drug and alcohol addiction and mental disease such as manic depression in the New Orleans area. The Organization is supported primarily through donor contributions and grants. Approximately 42% and 17% of the Organization's support for the year ended December 31, 2003, came from grants from the State of Louisiana and Unity for the Homeless, Inc. respectively. Approximately 35% and 21% of the Organization's support for the year ended December 31, 2002, came from grants from the State of Louisiana and Unity for the Homeless, Inc., respectively.

**b. Organization and Income Taxes**

The Organization is a nonprofit corporation organized under the laws of the State of Louisiana in 1983. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

**c. Basis of Accounting**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d. Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards, (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Organization classifies its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net grants and other revenues and expenditures of funds for the general operation of its facilities.

**Temporarily Restricted Net Assets** - Grants and other revenues specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period. There were no temporarily restricted net assets at December 31, 2003 or 2002.

**Permanently Restricted Net Assets** - There were no permanently restricted net assets at December 31, 2003 or 2002.

**e. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**f. Property and Equipment**

The Organization capitalizes all acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets. Property and equipment is recorded at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Revenue Recognition**

Grant revenues earned under reimbursement type contracts are recorded as revenues when the related expenses are incurred. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period is reported as unrestricted support.

**h. Allocated Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Note 2 - GRANTS RECEIVABLE**

Grants receivable at December 31, 2003 and 2002 consisted of the following:

	<u>2003</u>	<u>2002</u>
State of Louisiana - Department of Health and Hospitals	\$20,493	\$15,578
Unity for the Homeless, Inc.	<u>15,453</u>	<u>5,984</u>
Totals	<u>\$35,946</u>	<u>\$21,562</u>

**Note 2 - GRANTS RECEIVABLE (Continued)**

Management feels that grants receivable at December 31, 2003 and 2002, are fully collectible, and therefore has not recorded an allowance.

**Note 3 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2003	2002
Land	\$ 5,800	\$ 5,800
Buildings	23,200	23,200
Furniture and fixtures	2,371	2,371
Office equipment	5,345	5,345
Vehicles	42,248	42,248
Leasehold improvements	90,545	78,333
	169,509	157,297
Less accumulated depreciation	68,811	48,720
Totals	<b>\$100,698</b>	<b>\$108,577</b>

Depreciation and amortization expense for the years ended December 31, 2003 and 2002 was \$20,091 and \$15,302, respectively.

**Note 4 - NOTE PAYABLE – OFFICERS**

The Organization borrowed \$10,400 from officers of the Organization to purchase a building. The note bore interest at 8.75% and was payable in monthly installments of \$100 through November 2013. This note was paid in full during 2003.

Interest expense was \$0 and \$701 for the years ending December 31, 2003 and 2002, respectively.

**Note 5 - LEASES**

The Organization leases four residential properties for \$2 a year on a month-to-month basis. The Organization pays insurance, utilities, real estate taxes, and repair and maintenance costs on these properties which are occupied by residents of the program.

The Company leases a residential property owned by officers on a month-to-month basis. Under the terms of the lease, the Organization is required to pay the real estate taxes on the property.

**Note 6 - RELATED PARTY TRANSACTIONS**

Prepaid expenses of \$30,000 at December 31, 2003 is comprised of a payment made to a relative of a member of the Board of Directors for professional services to be rendered in the subsequent year.

During 2002, the Organization purchased a truck from an employee of the Organization and relative of the officer of the Organization. The \$15,590 price was obtained from a used vehicle appraisal service.

**Note 7 - CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances in one financial institution located in New Orleans, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2003, the Organization did not have any balances in excess of the insured limits.

**Note 8 - RISK MANAGEMENT**

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended December 31, 2003 and 2002.

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S 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,  
Last Hope, Inc.,  
New Orleans, Louisiana.

We have audited the financial statements of Last Hope, Inc. (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 22, 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 Last Hope, 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 Last Hope, 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 misstatement 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 for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 22, 2004.

## SCHEDULE OF FINDINGS

Last Hope, Inc.

Year Ended December 31, 2003

### **Section I - Summary of Auditor's Report**

#### a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_ yes    X no
- Reportable condition(s) identified that are not  
    considered to be material weakness                    \_\_\_ yes    X none reported

Noncompliance material to financial statements noted?    \_\_\_ yes    X no

#### b) Federal Awards

Last Hope, Inc. did not receive federal awards in excess of \$300,000 during the year ended December 31, 2003 and, therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

### **Section II - Financial Statement Findings**

There were no financial statement findings noted during the audit for the year ended December 31, 2003.

### **Section III - Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS**

Last Hope, Inc.

For the year ended December 31, 2003

### **Section I - Internal Control and Compliance Material to the Financial Statements**

#### **Internal Control**

No material weaknesses were noted during the audit for the year ended December 31, 2002.  
No reportable conditions were reported during the audit for the year ended December 31, 2002.

#### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2002.

### **Section II - Internal Control and Compliance Material to Federal Awards**

Last Hope, Inc. did not receive federal awards in excess of \$300,000 during the year ended December 31, 2002 and, therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2002.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

Last Hope, Inc.

For the year ended December 31, 2003

### **Section I - Internal Control and Compliance Material to the Financial Statements**

#### **Internal Control**

No material weaknesses were noted during the audit for the year ended December 31, 2003.  
No reportable conditions were reported during the audit for the year ended December 31, 2003.

#### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2003.

### **Section II - Internal Control and Compliance Material To Federal Awards**

Last Hope, Inc. did not receive federal awards in excess of \$300,000 during the year ended December 31, 2003 and, therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2003.