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CHEZ HOPE, INC.

**INDEPENDENT AUDITOR'S REPORT AND REPORTS
ON INTERNAL CONTROL AND COMPLIANCE**

Franklin, LA

For the Year Ended June 30, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-22-03

CHEZ HOPE, INC.

JUNE 30, 2002

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**EILEEN
SHANKLIN
ANDRUS**
CERTIFIED
PUBLIC
ACCOUNTANT
A LIMITED LIABILITY
COMPANY

Member of the
American Institute
of Certified Public
Accountants

Member of the
Louisiana Society
of Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Chez Hope, Inc.
P.O. Box 98
Franklin, LA 70538

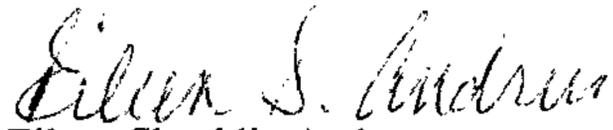
I have audited the accompanying statement of financial position of Chez Hope, Inc. (Chez Hope) as of June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of Chez Hope's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chez Hope, Inc. as of June 30, 2002 and the changes in net assets and cash flows for the year then ended in conformity with accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 12, 2002 on my consideration of Chez Hope's internal control over financial reporting and my 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 my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of Chez Hope, Inc. The accompanying supplementary information is presented for purposes of additional analysis, and is not a required part of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Eileen Shanklin Andrus
CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY

July 12, 2002

CHEZ HOPE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2002

ASSETS

Cash	\$	19,758
Grant Receivable		92,535
Prepaid Expenses		3,084
Fixed Assets (net of accumulated depreciation of \$ 92,501)		<u>277,557</u>
Total Assets	\$	<u>392,934</u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$	9,453
Accrued Liabilities		19,914
Line of Credit		11,599
Notes Payable		<u>62,908</u>
Total Current Liabilities		<u>103,874</u>
Net Assets		
Unrestricted Net Assets		160,312
Temporarily Restricted Net Assets		<u>128,748</u>
Total Net Assets		<u>289,060</u>
Total Liabilities and Net Assets	\$	<u>392,934</u>

See Accompanying Notes.

CHEZ HOPE, INC.

STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2002

Increases In Net Assets:	UNRE - <u>STRICTED</u>	TEMPORARILY <u>RESTRICTED</u>	<u>TOTAL</u>
Support:			
Federal Financial Assistance			
Office of Women's Services - Federal	--	\$ 83,628	\$ 83,628
Office of Women's Services - TANF	--	34,415	34,415
Louisiana Commission on Law Enforcement	--	125,188	125,188
Department of Social Services - Emergency Shelter Grant	--	85,863	85,863
Louisiana Coalition Against Domestic Violence	--	19,909	19,909
State Financial Assistance			
Office Women's Services - State	--	124,971	124,971
Lousiana Children's Fund	--	5,000	5,000
Local and, Private Assistance:			
United Way	\$ 53,754	--	53,754
Office of Women's Services - Marrage License	--	13,721	13,721
St. Mary Parish Government	--	11,999	11,999
Louisiana Bar Foundation	--	15,194	15,194
Arts Council of New Orleans	<u>3,225</u>	<u>--</u>	<u>3,225</u>
Total Support	<u>56,979</u>	<u>519,888</u>	<u>576,867</u>
Revenue:			
Batterer Fees	46,886	--	46,886
Other	24,781	--	24,781
Donations	<u>9,881</u>	<u>--</u>	<u>9,881</u>
Total Revenue	<u>81,548</u>	<u>--</u>	<u>81,548</u>
Total Support and Revenue	138,527	519,888	658,415
 Assets Released From Restrictions	 <u>417,187</u>	 <u>(417,187)</u>	 <u>--</u>
 Total Increase in Net Assets	 <u>555,714</u>	 <u>102,701</u>	 <u>658,415</u>
 Decreases In Unrestricted Net Assets:			
Program Services	577,339	--	577,339
Supporting Services			
Management & General	<u>25,821</u>	<u>--</u>	<u>25,821</u>
Total Decrease in Net Assets	<u>603,160</u>	<u>--</u>	<u>603,160</u>
 Net Increase (Decrease) in Net Assets	 <u>(47,446)</u>	 <u>102,701</u>	 <u>55,255</u>
 Net Assets			
Beginning Net Assets 6/30/01	<u>207,758</u>	<u>26,047</u>	<u>233,805</u>
Ending Net Assets at 6/30/02	\$ <u>160,312</u>	\$ <u>128,748</u>	\$ <u>289,060</u>

See Accompanying Notes.

CHEZ HOPE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

JUNE 30, 2002

	<u>Program</u>	<u>Services</u>	<u>Support-</u> <u>ing</u> <u>Services</u>	
	<u>Domestic</u>	<u>Batterer</u>	<u>Management</u>	
	<u>Violence</u>	<u>Inter-</u>	<u>&</u>	<u>TOTAL</u>
		<u>vention</u>	<u>General</u>	
Accounting & Legal	--	--	\$ 3,950	\$ 3,950
Automobile	\$ 9,767	--	--	9,767
Equipment	14,988	--	--	14,988
Client Expense	43,048	--	--	43,048
Conferences & Training	7,698	\$ 101	--	7,799
Depreciation Expense	--	--	21,699	21,699
Dues & Subscriptions	808	--	--	808
Equipment Rent & Maintenance	4,130	--	--	4,130
Insurance	29,468	--	--	29,468
Interest Expense	13,511	--	4,122	17,633
Library	2,192	--	--	2,192
Miscellaneous	27,630	--	--	27,630
Office Supplies	11,917	1,069	--	12,986
Postage and Delivery	1,195	299	--	1,494
Printing & Reproduction	3,729	214	--	3,943
Rent	4,600	700	--	5,300
Repairs	4,707	--	--	4,707
Retirement	2,164	--	--	2,164
Salaries	227,188	20,000	--	247,188
Taxes	31,353	5,858	--	37,211
Telephone	19,610	2,269	--	21,879
Travel	6,843	1,935	--	8,778
Utilities	17,407	--	--	17,407
Contract Labor	<u>35,937</u>	<u>25,004</u>	<u>--</u>	<u>60,941</u>
Total Functional Expenses	\$ <u>519,890</u>	\$ <u>57,449</u>	\$ <u>25,821</u>	\$ <u>603,160</u>

See Accompanying Notes.

CHEZ HOPE, INC.

Statement of Cash Flows

June 30, 2002

Cash flows from Operating Activities:

Increase in Net Assets	\$ 55,255
Add: Depreciation Expense	21,699

(Increase) Decrease in Assets:

Increase in Grant Receivables	(53,804)
-------------------------------	----------

Increase (Decrease) in Liabilities:

Accounts Payable	531
Accrued Expenses	<u>6,093</u>

Net Cash Provided (used) provided by Operating Activities	<u>23,681</u>
--	---------------

Cash Flows from Investing Activities

Building Improvements	<u>(51,569)</u>
-----------------------	-----------------

Net Cash Provided (Used) in Investing Activities	<u>(51,569)</u>
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Cash Flows from Financing Activities

Principal & Interest Payments	(10,094)
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Proceeds from loan	<u>25,357</u>
--------------------	---------------

Net Cash Provided (Used) by Financing Activities	<u>15,263</u>
---	---------------

Net (Decrease) in Cash and

Cash Equivalents	(12,625)
------------------	----------

Cash and Cash Equivalents at Beginning of Year	<u>32,383</u>
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Cash and Cash Equivalents at End of Year	\$ <u>19,758</u>
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See Accompanying Notes.

CHEZ HOPE, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Chez Hope, Inc. (Chez Hope) is a not-for-profit “ domestic violence program, which provides assistance through counseling and advocacy, both emergency and non-emergency to battered persons and their children.

Chez Hope, Inc. also operates at a separately located program known as the Batterers Intervention Program for the purpose of counseling the batterer in a group setting. The batterer is responsible for paying for their own sessions. Most participants in the program are court ordered.

B. Principles

The financial statements of Chez Hope, Inc. have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

C. Basis of Presentation

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

Unrestricted Net Assets - limited only by the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors and others entered into by the organization in the course of its business.

Temporarily Restricted Net Assets - assets whose restrictions lapse with the passage of time.

Permanently Restricted Net Assets - assets whose restrictions do not lapse with the passage of time.

Presently Chez Hope, Inc. has unrestricted and temporarily restricted net assets.

CHEZ HOPE, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Contributions

Contributions are recognized when a donor makes a promise to give. Contributions that are restricted by the donor are reported as increases in permanently or temporarily unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

E. Equipment and Furnishings

Equipment and furnishings are carried at cost. Depreciation is computed using the straight-line method over three years for vehicles, seven years for furniture and equipment, ten years for leasehold improvements and thirty years for buildings. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activity for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Deductions are made of retirements resulting from renewals or betterments.

All fixed assets of a non-profit organization must be used in a non-profit capacity upon dissolution of the corporation.

F. Income Taxes

Chez Hope, Inc. is operating under Section 501 © (3) of the Internal Revenue Code, and is generally exempt from federal, state and local income taxes. Accordingly, no provision for income taxes is included in the financial statements. This nonprofit organization has been classified as an organization that is not a private foundation under Sec 509 (A).

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, Chez Hope, Inc. considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At June 30, 2002 all of Chez Hope's cash balance was secured by Federal Depositary Insurance (FDIC).

CHEZ HOPE, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Annual and Sick Leave

Chez Hope, Inc. accrues vacation on all full-time employees at a rate of one day per month (12 days annually). Employees can carry a maximum of ten days leave to the following calendar year. Chez Hope also allows full time employees to carry a maximum of fifteen days of sick leave to the following year. When an employee is terminated, the amounts accrued are then remitted to the terminated employee.

These financial statements contain no accrual for accumulated vacation leave due to the immaterial amount of the accrual. The amount of accumulated sick time is not reflected in these statements due to the inability of an employee to be paid for this time upon termination.

NOTE 2- GRANT RECEIVABLE

Chez Hope, Inc. had the following amounts receivable from grants at June 30, 2002:

	<u>AMOUNT</u>
Office of Women's Services – TANF	\$ 11,435
Louisiana Commission on Law Enforcement	24,571
Department of Social Services – Office of Family Services/ Emergency Grant	2,033
Louisiana Coalition Against Domestic Violence – Rural Projects	10,136
Office of Women's Services	35,360
Louisiana Children's Fund	5,000
City of Franklin	<u>4,000</u>
Total Receivables	\$ <u>92,535</u>

NOTE 3 – PREPAID EXPENSES

The balance of \$3,084 represents Chez Hope, Inc.'s prepayment of general liability, auto and property insurance.

CHEZ HOPE, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

NOTE 4- FURNITURE & FIXTURES

Chez Hope's furniture and fixtures consist of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Vehicles	\$ 27,661	--	--	\$ 27,661
Equipment and Furnishings	57,794	\$ 9,168	--	66,962
Buildings	167,365	42,300	--	209,665
Land	26,250	--	--	26,250
Leasehold Improvements	<u>39,420</u>	<u>=</u>	<u>=</u>	<u>39,520</u>
Total	<u>\$ 318,490</u>	<u>\$51,468</u>	<u>=</u>	<u>370,058</u>
Less: Accumulated Depreciation				<u>(92,501)</u>
Net Fixed Assets				<u>\$ 277,557</u>

Total depreciation expense totals \$ 21,698 June 30, 2002.

NOTE 5- NOTE PAYABLE

The balance in note payable of \$ 11,599 represents an overdraft bank line of credit, due on demand, bearing interest at 28% per annum.

NOTE 6 – LONG TERM DEBT

Chez Hope's long-term obligations consist of the following:

Note payable to Regions Bank at 9.10% per annum,
due in monthly installments of \$ 347, maturing in
February of 2010, secured by property. \$ 23,438

Note Payable to Regions Bank at 10.125%
per annum, due in monthly installments of \$ 600,
maturing in March of 2002, secured by
vehicles. 9,021

Unsecured note payable to the City of Franklin's
Revolving Loan Fund at 3% per annum, due in
Monthly installments of \$303, maturing in
February 2006. 14,015

CHEZ HOPE, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

NOTE 6 – LONG TERM DEBT (continued)

Note Payable to Regions Bank at 7.50% per annum, due in monthly installments of \$ 378, maturing in March of 2005, secured by property.	12,735
Non-interest note payable to a private citizen, due in monthly payments of \$ 400, maturing in June of 2003.	<u>3,700</u>
Total Long-Term Debt	\$ <u>62,908</u>

Principal maturities of long-term debt are indicated below:

<u>Year</u>	<u>Amount</u>
2003	\$ 14,448
2004	14,448
2005	9,338
2006	9,335
2007-2010	<u>15,339</u>

Total \$ 62,908

NOTE 7 – RETIREMENT PLAN

Chez Hope, Inc. has a qualified 401(k) deferred compensation plan for all eligible employees of the shelter. Currently, Chez Hope matches contributions to a maximum of five percent of the eligible employee's compensation. The total retirement plan contributions made by Chez Hope, Inc. is \$ 2,164.

NOTE 8- CONCENTRATIONS

The Chez Hope, Inc. receives eighty-seven percent of its revenues from federal and state grantors.

CHEZ HOPE, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2002

NOTE 9- CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Department of Justice, and Department of Health and Hospitals TANF grants. Any disallowed claims including amounts already collected, may constitute a liability of applicable funds. The amount, if any, or expenditures which may be disallowed by the grantor cannot be determined at this time; although Chez Hope, Inc. expects such amounts to be immaterial.

NOTE 10 - OTHER MATTERS

I noted no evidence of audit fees being paid with federal dollars during the course my audit.

SUPPLEMENTARY INFORMATION



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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 of
Chez Hope, Inc.
P. O. Box 98
Franklin, LA 70538

I have audited the financial statements of Chez Hope, Inc. (a nonprofit organization) (Chez Hope) as of and for the year ended June 30, 2002, and have issued my report thereon dated July 12, 2002. I conducted my 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 Chez Hope's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item # 02-01. I also noted certain immaterial instances of noncompliance, which I have reported to the management of Chez Hope, Inc. in a separate letter dated July 12, 2002.

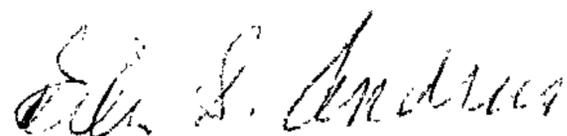
Internal Control Over Financial Reporting

In planning and performing my audit, I considered Chez Hope's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Chez Hope's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

This reportable condition is described in the accompanying schedule of findings and questioned costs as item # 99-01

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 amount that would be material in relation to the financial statements being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions disclosed in the schedule of findings, I consider item # 02-01 to be a material weakness.

This report is intended for the information of management, the Board of Directors of Chez Hope, Inc., the Legislative Auditor of the State of Louisiana, federal, state and local awarding agencies and pass-through agencies. This report is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Eileen Shanklin Andrus
CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY

July 12, 2002

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2002

Section 1 Summary of Auditor's Reports

Financial Statements

Type of auditor's report issued = unqualified

Type of auditor's report issued on compliance and internal control = unqualified.

Internal Control over financial reporting:

Material Weakness(es) identified **Yes** **No**

**Reportable Condition(s) identified
that is not considered to be
material weaknesses** **Yes** **none reported**

**Noncompliance material to financial
Statements noted?** **Yes** **No**

Federal Awards

Internal Control over major programs: NOT APPLICABLE

Material weakness(es) identified? **Yes** **No**

**Reportable condition(s) identified
that is not considered to be a
material weakness(es).** **Yes** **none reported**

Type of auditor's report issued on compliance for major programs = NOT APPLICABLE.

**Any audit findings disclosed that
Are required to be reported
In accordance with section
510 (a) of Circular A-133?** **Yes** **No**

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2002

Section 1 Summary of Auditor's Reports

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

**Dollar threshold used to distinguish
Between type A and type B programs: \$ 300,000**

Auditee qualified as low-risk auditee? Yes No

Section II Financial Statement Findings and Questioned Costs

02-01 Maintenance of a Complete General Ledger

Condition: While comparing audited balances to the general ledger, I noted during my testing that the ledger was missing two months of transactions due to a crash of the computer system prior to the end of 2001. Management does ,however, keep monthly printouts of each month's transactions and financial statements.

Cause: This condition is caused by failure to properly re-enter lost information from the crash of the system.

Effect: This condition has the effect of causing inaccurate comparisons and conclusions about Chez Hope's financial condition and budgetary monitoring processes without the proper recoding of the missing months.

Criteria: Completeness of the annual financial information must contain all transactions in order for the ledger to be complete. (Completeness assertion)

Recommendation: I recommend that the missing months be re-entered and the financial statements and general ledger be monitored periodically by an accounting professional.

Questioned Costs: -0-

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2002

Section II Financial Statement Findings and Questioned Costs

99-01 Segregation of Duties

Condition: During the course of my testing I noted that there is very little segregation of duties in the accounting function.

Cause: This condition is caused by the relatively small size of the entity and its accounting department.

Effect: This condition has the effect of weakening controls in the accounting function.

Criteria: A good system of internal control over the accounting function would not have the same person signing checks, reconciling bank statements, making deposits and entering transactions into the general ledger.

Questioned Costs: -0-

Recommendation: When funding permits someone should be assigned to reconcile the bank statement that is not also responsible for maintaining the general ledger. Further, as mentioned in comment #02-01 recommendation, the contractual accountant could be assigned one or more of the duties in conflict.

Section III Federal Award Findings and Questioned Costs

NONE NOTED.

CHEZ HOPE, INC.

Status of Prior Year Findings and Management Comments

For the Year Ended June 30, 2002

REPORTABLE CONDITION

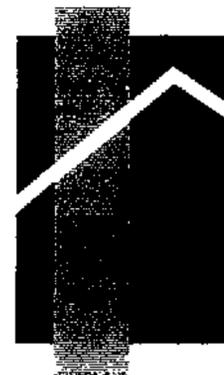
99-1 Segregation of Duties – Unresolved.

MANAGEMENT LETTER COMMENTS

MGT. #1 Expense Report Accuracy = Resolved.

MGT. #2 Posting of Audit Adjustments to Current Records = Resolved.

September 16, 2002



supporting victims of domestic violence

Eileen S. Andrus, C.P.A.
1632 English Colony Drive
LaPlace, LA 70068

CHEZ HOPE

RE: 2002 Audit

Dear Ms. Andrus:

Please accept the following response to your findings noted in our 2002 audit.

Segregation of Duties:

Response: Due to the small agency size, limited administrative staff and limited funding, it is very unlikely that Chez Hope can implement any further segregation of duties. An attempt to segregate is made. A volunteer picks up the mail, opens and stamps the mail daily. The executive director reviews all mail. The administrative assistant delivers all mail to the appropriate departments. The bookkeeper files and prepares all payables and receivables. The administrative assistant makes all deposits. The executive director along with a second signature of a board member signs all checks.

Bookkeeping/Data Input:

We recognize that this system needs some additional refining. We now back up each months financial data on disk in addition to the hard copy retained in the file. A new system of coding has been implemented inclusive of coding each check along with each invoice, then double-checking the coding when in-putting the data. Another precaution has been taken in double-checking each expense against the grant expenditures to ensure proper coding and expenditure. An additional precaution is being taken to contract an outside CPA to check all monthly financial statements/accounting.

Sincerely,

Jeanne L. LeBlanc
Jeanne L. LeBlanc,
Executive Director



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**EILEEN
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July 12, 2002

Mrs. Jeanne LeBlanc
Chez Hope, Inc.
P.O. Box 98
Franklin, LA 70538

I have audited the financial statements of Chez Hope, inc. as of and for the year ended June 30, 2002, and have issued my report thereon dated July 12, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of my examination, I have issued my report on the financial statements dated July 12, 2002 and my report on internal control and compliance with laws, regulations, and contracts dated July 12, 2002.

In planning and performing my audit of the financial statements of Chez Hope, Inc., I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control.

However, I noted certain matters involving internal control and its operation that I consider to be important, but not significant enough to be considered a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control that, in my judgment, could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

The following conditions were noted during the course of conducting Chez Hope's audit for the year ended June 30, 2002.

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Mrs. Jeanne LeBlanc

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MGT. 02-1 Reimbursement request expense item.

Condition: During the course of testing reimbursement requests under the Emergency Shelter Grant I noticed that an invoice for insurance was claimed on both the Lafourche and St. Mary Parish request for reimbursement.

Recommendation: I recommend that all requests for reimbursement be reviewed by a contractual accountant or CPA.

MGT. 02-02 Grant Expense Coding

Condition: Although the total annual insurance expense amounts exceeded the total amounts claimed for reimbursement under these grants for insurance, the documentation indicates that the same invoice was claimed in both St. Mary and Lafourche parishes in the month of February 2002. Total amount claimed was \$ 671.41.

Recommendation: I recommend that one of the reimbursement requests be corrected to reflect another month's insurance expense amount so that the amount claimed for reimbursement will be allowable. I further recommend that someone be designated to review reimbursement requests in detail before submitting to grantors.

MGT. 02-3 Grant Expense Coding

Condition: I noted during my testing that some expenses were not coded to the proper grant per the grant reimbursement request. I further noted that \$ 337.69 was not claimed for reimbursement which could have possibly been claimed for reimbursement in the month of October 2001 on the ESG St. Mary Parish.

Recommendation: I recommend that procedures be established whereby coding is reviewed for propriety and all underlying accounting records are reconciled to the reimbursement request.

These recommendations are meant as suggestions to improve and not to criticize management or the administrative accounting staff. Should you need any advice on how to resolve or apply the recommendations suggested, please do not hesitate to call me at (504) 559-4637.

Sincerely,



Eileen S. Andrus

CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY