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***Financial Report***  
***(Reviewed)***  
***Last Hope, Inc.***  
***December 31, 2005***

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 9/26/07

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Bourgeois Bennett

## ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Last Hope, Inc., as of December 31, 2005, and the related statements of activities, functional expenses and cash flows 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. All information included in these financial statements is the representation of Last Hope, Inc..

A review consists principally of inquires of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated June 15, 2007, on the results of our agreed-upon procedures.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 15, 2007, except for  
Note 7 and 8, as to which  
the date is July 25, 2007.

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

December 31, 2005

See Accountant's Review Report

**ASSETS****Current**

Cash	\$ 42,475
Grants and contracts receivable	52,519
Insurance claim receivable	<u>3,713</u>

Total current assets	98,707
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**Property and Equipment, net of  
accumulated depreciation**

<u>60,664</u>
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Total assets	<u><u>\$ 159,371</u></u>
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**LIABILITIES AND NET ASSETS****Current Liabilities**

Tenant deposits	<u>\$ 3,331</u>
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**Net Assets**

Unrestricted	<u>156,040</u>
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Total liabilities and net assets	<u><u>\$ 159,371</u></u>
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See notes to financial statements.

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

For the year ended December 31, 2005

See Accountant's Review Report

**Revenues and Support**

Government grants	\$ 200,738
Contributions	12,822
Tenant rents	79,177
Other revenue	7,863
	<hr/>

Total revenues and support - unrestricted	<hr/> 300,600
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**Expenses**

Program services	227,903
Management and general	109,940
	<hr/>

Total expenses	<hr/> 337,843
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**Decrease In Net Assets**

(37,243)

**Net Assets**

Beginning of year	<hr/> 193,283
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End of year	<hr/> <hr/> \$ 156,040
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See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES****Last Hope, Inc.**

For the year ended December 31, 2005

See Accountant's Review Report

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Compensation and related expenses:			
Compensation	\$ 103,655	\$ 84,381	\$ 188,036
Employee benefits:			
Payroll taxes	9,532	5,630	15,162
Workers compensation	12,932	10,527	23,459
Automobile expenses	5,555	-	5,555
Books and resources	5,129	-	5,129
Depreciation and amortization	18,995	973	19,968
Insurance	1,712	-	1,712
Licenses	248	-	248
Miscellaneous	950	873	1,823
Occupancy:			
Utilities	20,600	427	21,027
Maintenance	13,389	-	13,389
Real estate taxes	5	-	5
Postage	442	59	501
Professional services	10,423	3,626	14,049
Supplies	6,835	2,848	9,683
Telephone	3,380	596	3,976
Tenant expenses	14,121	-	14,121
	<u>\$ 227,903</u>	<u>\$ 109,940</u>	<u>\$ 337,843</u>
Totals			

See notes to financial statements.

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

For the year ended December 31, 2005

See Accountant's Review Report

**Cash Flows From Operating Activities**

Decrease in net assets	\$ (37,243)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation and amortization	19,968
Changes in assets and liabilities:	
Decrease in operating assets:	
Grants and contracts receivable	10,272
Increase in operating liabilities:	
Tenant deposits	<u>1,861</u>
Net cash used in operating activities	<u>(5,142)</u>
<b>Net Decrease In Cash</b>	(5,142)
<b>Cash</b>	
Beginning of year	<u>47,617</u>
End of year	<u><u>\$ 42,475</u></u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Last Hope, Inc.**

December 31, 2005

**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 39% and 26% of the Organization's support for the year, came from grants from the State of Louisiana - Department of Health and Hospitals 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, 2005.

**Permanently Restricted Net Assets** - There were no permanently restricted net assets at December 31, 2005.

**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, 2005 consisted of the following:

State of Louisiana - Department of Health and Hospitals	\$ 29,583
Unity for the Homeless, Inc.	<u>22,936</u>
Total	<u>\$ 52,519</u>

Management feels that grants receivable at December 31, 2005, are fully collectible, and therefore has not recorded an allowance.

**Note 3 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Land	\$	5,800
Buildings		15,620
Furniture and fixtures		2,371
Office equipment		6,082
Vehicles		42,248
Leasehold improvements		<u>93,870</u>
		165,991
Less accumulated depreciation		<u>105,327</u>
Total		<u><u>\$ 60,664</u></u>

Depreciation and amortization expense for the year ended December 31, 2005 was \$19,968.

**Note 4 - RELATED PARTY LEASES**

The Organization leases three residential properties owned by an officer for \$2 per 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, which Management believe approximates the fair rental value. The Organization leases a 4<sup>th</sup> 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 5 - 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, 2005, the Organization did not have any balances in excess of the insured limits.

**Note 6 - 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, 2005.

**Note 7 - COMMITMENT**

The Organization is required to make all necessary repairs for damages caused by Hurricane Katrina to the properties it leases under the terms of the agreements (Note 4). Management has not been able to determine the total cost of the repairs at this time.

**Note 8 - HURRICANE KATRINA**

On August 29, 2005, New Orleans and the surrounding area suffered a natural disaster, Hurricane Katrina. The Organization evacuated one-third of its clients and staff from New Orleans to Baton Rouge and one-third to the New Orleans Superdome who were later brought to a nursing home in Texas and cared for there. The remaining clients evacuated on their own.

The Organization rented a home in Baton Rouge, LA to temporarily operate until authorities allowed the return to New Orleans. Services for the clients were uninterrupted during this period of time.

The Organization sustained significant damage to all recovery centers and apartments used by clients. Management filed claims with its insurance carriers and is pursuing collection under the Organization's property insurance contracts. At December 31, 2005, the balance sheet includes an insurance claim receivable of \$3,713 for wind damage which caused losses of property and equipment destroyed by Hurricane Katrina with a net book value of \$3,713. Subsequent to year end the Organization received \$8,933 of proceeds related to depreciable assets damaged by Katrina. At December 31, 2005, minor repair expenses were incurred to reopen parts of the recovery centers and some apartments used by clients without insurance proceeds. The remaining parts of the recovery centers and apartments will be reopened when repairs are made. These repairs will be made using insurance proceeds and contributions received in the future. The Organization is vigorously pursuing its claims for damages with its insurance carrier.

**Note 8 - HURRICANE KATRINA (Continued)**

Management believes that there will be no significant effect on the future operations and finances of the Organization.

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Last Hope, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Organization's compliance with certain laws and regulations during the year ended December 31, 2005 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. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we 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. We determined the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

**Accounting and Reporting**

2. For each federal, state, and local award, we randomly select six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements in total will be selected and:

- a) Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the selected disbursements and found that the payments were for the proper amount and made to the correct payee.

- b) Determine if payments were properly coded to the correct general ledger account;

All payments were properly coded to the correct general ledger account.

- c) Determine whether the payment received approval from proper authorities, and;

Each of the selected disbursements was approved by the President.

- d) For federal awards, if applicable, determine whether the disbursements comply with the applicable specific program compliance requirements summarized in the Compliance Supplement (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements comply with the grant agreement, relating to:

- Activities allowed or unallowed
- Eligibility
- Reporting

All payments comply with specific program compliance requirements and grant agreements.

### Comprehensive Budget

3. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency/agencies 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.

The respective agencies were provided with the appropriate budget, specific goals and objectives, and measures of performance.

**Prior Comments and Recommendations**

4. Our prior year report, dated June 23, 2005, did not include any comments or unresolved matters.

We were 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, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Assessor and the Legislative Auditor, State of Louisiana, 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.

*Bourgeois Bennett, LLC.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 15, 2007.

**REPORTS BY MANAGEMENT**

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

\_\_\_\_\_ (Date Transmitted)

Last Hope, Inc.  
1302 Magazine Street  
New Orleans, LA 70130  
Bourgeois Bennett, LLC, 111 Veterans Blvd, 17<sup>th</sup> Floor, Metairie, LA 70005 (Auditors)

In connection with your review of our financial statements as of December 31, 2005 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  N/A

**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 [ ] N/A

**Prior Year Comments**

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

Yes [ ] No [ ] N/A

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.

\_\_\_\_\_ Secretary \_\_\_\_\_ Date

\_\_\_\_\_ Treasurer \_\_\_\_\_ Date

*Darrie S. Bynum* \_\_\_\_\_ President 7-26-07 Date

*Director*

## SCHEDULE OF FINDINGS AND RESPONSES

**Last Hope, Inc.**

For The Year Ended December 31, 2005

### **Section I - Summary of Accountant's Review Report**

a) Financial Statements

Type of review 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  no
- Noncompliance material to financial statements noted?     X  yes    \_\_\_ no

b) Federal Awards

Last Hope, Inc. did not receive federal awards in excess of \$500,000 during the year ended December 31, 2005 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**

#### **Internal Control Over Financial Reporting**

- No financial statement findings were noted during the review of the financial statements for the year ended December 31, 2005.

#### **Compliance and Other Matters**

##### **04-09 Reviewed Financial Statements Were Not Timely Filed**

**Criteria** - Louisiana state law requires all governmental and quasi-governmental entities to have review engagements completed with six months of the close of the Organization's year end.

**Section II - Financial Statement Findings (Continued)**

**Condition** - The required reviewed financial statements were not filed on a timely basis with the Legislative Auditor for the State of Louisiana in correlation with the filing requirements of Louisiana State law.

**Questioned Costs** - None noted.

**Context** - Isolated to the year period ended December 31, 2005.

**Effect** - Not filing timely reports could result in a loss of funding or disqualification form future funding.

**Cause** - Filing deadlines were not honored.

**Recommendation** - In the future, steps need to be taken to ensure that the required financial statements are filed in a timely manner.

**Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical** - None.

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

Not applicable.