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**WASHINGTON STREET
HOPE CENTER, INC.
Annual Financial Report
For the Year Ended June 30, 2006**

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 1-17-07

WASHINGTON STREET HOPE CENTER, INC.
ANNUAL FINANCIAL REPORT
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Lawrence E. Mayeaux, C.P.A.

December 22, 2006

To the Board of Directors
Washington Street Hope Center, Inc.
Marksville, Louisiana

I have audited the accompanying statement of financial position of Washington Street Hope Center, Inc. (a nonprofit organization) as of June 30, 2006 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of the Washington Street Hope Center, Inc. as of June 30, 2005, which are presented for comparative purposes, were audited by other auditors whose report dated October 24, 2005 expressed an unqualified opinion.

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. 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 audits provide 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 Washington Street Hope Center, Inc. as of June 30, 2006 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*, I have also issued my report dated December 22, 2006, on my consideration of Washington Street Hope Center, Inc.'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.

LAWRENCE E. MAYEAUX CPA LLC
Bunkie, Louisiana

Washington Street Hope Center, Inc.
Comparative Statement of Financial Position
June 30, 2006 and 2005

	2006	2005
Assets		
Current assets		
Cash and cash equivalents	\$ 58,737	\$ 75,058
Receivables	45,839	35,605
Utility deposits	1,762	1,762
Total current assets	106,338	112,425
Furniture, fixtures and equipment, net	163,625	123,970
Total assets	\$ 269,963	\$ 236,395
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 9,209	\$ 2,757
Accrued expenses	1,117	-
Total current liabilities	10,326	2,757
Net assets		
Unrestricted net assets		
Operating	96,012	45,356
Board designated	-	-
Fixed assets	163,625	123,970
Total unrestricted net assets	259,637	169,326
Temporarily restricted net assets	-	64,312
Permanently restricted net assets	-	-
Total net assets	259,637	233,638
Total liabilities and net assets	\$ 269,963	\$ 236,395

See accompanying notes to financial statements.

Washington Street Hope Center, Inc.
Comparative Statement of Activities
For the Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Totals	
			Memorandum Only 2006	2005
Public Support, Revenues, and Reclassifications				
Contributions	\$ 17,224	\$ 31,593	\$ 48,817	\$ 34,321
Federal grants	-	360,680	360,680	268,761
Program service fees	26,518	-	26,518	24,455
Miscellaneous	11,445	-	11,445	10,847
Net assets released from restrictions				
Satisfaction of purpose restrictions	63,325	(63,325)	-	-
Total public support, revenues, and reclassifications	118,512	328,948	447,460	338,384
Functional Expenses:				
Program services				
Hope Center	-	398,225	398,225	264,533
Management and general	22,973	-	22,973	21,013
Total functional expenses	22,973	398,225	421,198	285,546
Public support and other revenues over expenses	95,539	(69,277)	26,262	52,838
Other changes in net assets				
Interest expense	(263)	-	(263)	-
Operating transfers	(4,965)	4,965	-	-
Change in net assets	90,311	(64,312)	25,999	52,838
Net assets, beginning of year	169,326	64,312	233,638	180,800
Net assets, end of year	\$ 259,637	\$ -	\$ 259,637	\$ 233,638

See accompanying notes to financial statements.

Washington Street Hope Center, Inc.
Comparative Statement of Functional Expenses
For the Year Ended June 30, 2006

	Program Services Hope Center	Management and General	Totals Memorandum Only	
			2006	2005
Payroll:				
Salaries	\$ 196,970	\$ -	\$ 196,970	\$ 150,544
Payroll taxes	15,194	-	15,194	11,611
Total payroll	212,164	-	212,164	162,155
Other:				
Contract labor	1,820	2,443	4,263	6,188
Dues and subscriptions	-	-	-	87
Utilities	19,834	22	19,856	18,196
Postage	370	39	409	370
Insurance	13,611	2,499	16,110	15,867
Telephone	3,824	53	3,877	2,784
Maintenance	10,433	2,488	12,921	8,270
Miscellaneous	1,494	2,225	3,719	4,012
Rent	53,000	-	53,000	3,000
Supplies:				
Food	31,538	330	31,868	26,500
Household	13,452	504	13,956	1,661
Office	3,023	134	3,157	1,679
Medical	-	1,252	1,252	469
Literature	4,542	5,182	9,724	7,960
Other	1,780	1,675	3,455	1,178
Professional services:				
Accounting and auditing	5,050	-	5,050	6,150
Medical	11,638	569	12,207	7,187
Travel	-	240	240	188
Total other expenses	175,409	19,655	195,064	111,746
Depreciation allocation	10,652	3,318	13,970	11,645
Total functional expenses	\$ 398,225	\$ 22,973	\$ 421,198	\$ 285,546

See accompanying notes to financial statements.

Washington Street Hope Center, Inc.
Comparative Statement of Cash Flows
For the Years Ended June 30, 2006 and 2005

	2006	2005
<u>Operating activities:</u>		
Change in net assets	\$ 26,262	\$ 52,838
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,970	11,645
(Increase) decrease in grant receivables	(10,234)	(18,873)
(Increase) decrease in other receivables	-	-
Increase (decrease) in accounts payable	6,452	199
Increase (decrease) in accrued expenses	1,117	(936)
Net cash provided (used) by operating activities	37,567	44,873
<u>Capital and related financing activities:</u>		
Purchases of fixed assets	(53,625)	(1,117)
Repayment of long-term debt	(35,000)	-
Proceeds from borrowings	35,000	-
Interest paid	(263)	-
Net cash provided (used) by investing activities	(53,888)	(1,117)
Net increase in cash and cash equivalents	(16,321)	43,756
Cash and cash equivalents, beginning of year	75,058	31,302
Cash and cash equivalents, end of year	\$ 58,737	\$ 75,058

See accompanying notes to financial statements.

Washington Street Hope Center, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Washington Street Hope Center, Inc. (the Corporation) was incorporated on July 25, 1988 and is a nonprofit organization as described in IRS Code Section 501(c)(3) which was formed for the purpose of providing a 28-day program of rehabilitation from substance abuse. The Corporation is governed by a board of directors, and employees consisting of two directors, a secretary, a cook, two counselors, and several program technicians.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Corporation 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.

Basis of Accounting

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

Description of Programs

Hope Center - The Hope Center provides long-term, highly structured residential treatment programs for alcoholic and drug dependent men who are economically unable to obtain needed treatment elsewhere. Fees range from assistance provided by the State of Louisiana, Department of Health and Hospitals, Office of Human Services, Division of Alcohol and Drug Abuse to direct payments from individual patients.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. In this case, the federal agency restricts the purpose of the support for only the care and treatment of the patients that are assigned by that agency.

Donated Services and Materials

Contributions of materials, facilities, and services are recognized if they (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These donated services and facilities were recorded at market value.

Fixed Asset Depreciation

Expenditures for physical properties are valued at historical cost and are being depreciated on a straight-line method over the following estimated lives:

Buildings and improvements	10 - 25 years
Vehicles and equipment	5 years
Furniture and fixtures	5 years

Washington Street Hope Center, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2006

Compensated Absences

The Corporation's policy relating to accumulated unpaid vacation, sick pay and other employee benefits indicates that each employee receives two to four weeks vacation leave each year depending on the length of employment. Employees also receive sick leave as requested each year. Accumulated absences are not accrued in these financial statements, as such amounts were considered immaterial at June 30, 2006.

Income Taxes

The Corporation is a nonprofit organization and is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Functional Expenses

Functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personal time and space utilized for the related activities.

Uncollectible Patient Fees

Uncollectible amounts due for patient fees are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles at June 30, 2006 was immaterial.

Statement of Cash Flows

The Corporation considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

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.

Totals – Memorandum Only

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH

At June 30, 2006, the Corporation had cash and interest-bearing deposits (book balances) totaling \$58,737. These deposits are stated at cost which approximates market. These deposits (bank balances) at June 30, 2006, totaled \$67,778, and were fully secured from risk by federal deposit insurance.

Washington Street Hope Center, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 3 - RECEIVABLES

The following is a summary of receivables at June 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Grant revenue receivable	\$ 34,542	\$ 33,653
Federal grant receivable	11,297	1,718
Other receivables	---	234
Total	<u>\$ 45,839</u>	<u>\$ 35,605</u>

NOTE 4 - FIXED ASSETS

A summary of property and equipment at June 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Land	\$ 4,000	\$ 4,000
Buildings and improvements	213,083	183,158
Equipment	76,999	53,300
Vehicles	16,700	16,700
Furniture and fixtures	12,107	12,107
Total	<u>322,889</u>	<u>269,265</u>
Less: accumulated depreciation	(159,264)	(145,295)
Net property and equipment	<u>\$ 163,625</u>	<u>\$ 123,970</u>

NOTE 5 - DONATED MATERIALS, SERVICES, AND CAPITAL EXPENDITURES

The value of donated materials, services, and capital expenditures included in the financial statements and corresponding expenditures for the years ended June 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
<u>Public support restricted (contributions)</u>		
Donated food supplies	\$ 29,813	\$ 24,477
Donated travel	1,780	824
Total public support restricted	<u>\$ 31,593</u>	<u>\$ 25,301</u>
<u>Expenses - Hope Center:</u>		
Food supplies	\$ 24,477	\$ 24,477
Travel	1,780	824
Total expenses - Hope Center	<u>\$ 31,593</u>	<u>\$ 25,301</u>

NOTE 6 - RELATED PARTY TRANSACTIONS

James Hamilton is the finance director for Washington Street Hope Center, Inc. For the year ended June 30, 2006, Washington Street Hope Center, Inc. purchased \$145 of insurance policies through an insurance company that is owned by Mr. Hamilton's son. This amount was reported as insurance expense.

Washington Street Hope Center, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2006

Jo Hamilton, also a director for Washington Street Hope Center, Inc., receives rental payments on the Hope Center building of \$250 per month, totaling \$3,000 for the current year. This amount was reported as rent expense.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Corporation was not involved in any litigation at June 30, 2006.

NOTE 8 - FEDERAL AWARDS

The Corporation is funded largely by reimbursements under its contractual agreement with the State of Louisiana Department of Health and Hospitals, and Office of Human Services, which consist of federal funds. These funds are subject to review and audit by the grantor. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of management, the amount of disallowance, if any, would not be significant to the financial statements.

NOTE 9 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments, none of which are held for trading purposes, include cash and grant receivables. The Corporation estimates that the fair value of all financial instruments at June 30, 2006 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of financial position.

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Lawrence E. Mayeaux, C.P.A.

December 22, 2006

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
Washington Street Hope Center, Inc.
Marksville, Louisiana

I have audited the financial statements of the Washington Street Hope Center, Inc. (a nonprofit organization), as of and for the year ended June 30, 2006, and have issued my report thereon dated December 22, 2006. 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 the Washington Street Hope Center, Inc.'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the Washington Street Hope Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. My 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 misstatements 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

*Board of Directors
Washington Street Hope Center, Inc.
December 22, 2006*

This report is intended for the information of management, and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

LAWRENCE E. MAYEAUX CPA LLC
Certified Public Accountant

Washington Street Hope Center, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

PART I – SUMMARY OF AUDITOR’S RESULTS

- The Independent Auditor’s Report on the financial statements for the Washington Street Hope Center, Inc. as of June 30, 2006 and for the year then ended expressed an unqualified opinion.
- The report on internal control included no reportable conditions.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Washington Street Hope Center.

PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

- N/A

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133

- N/A

Washington Street Hope Center, Inc.
Management's Corrective Action Plan
For the Year Ended June 30, 2006

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<u>SECTION III</u> MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A

Washington Street Hope Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2006

<u>SECTION I</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
No findings were reported in the schedule of findings and questioned costs in the prior audit.	Response – N/A
<u>SECTION II</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported as a result of the previous audit.	Response – N/A
<u>SECTION III</u>	
MANAGEMENT LETTER	
No findings were reported as a result of the previous audit.	Response – N/A