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**HOPE FOR THE HOMELESS, INC.**

**SHREVEPORT, LOUISIANA**

**DECEMBER 31, 2007**

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

8/6/08

HOPE FOR THE HOMELESS, INC.

SHREVEPORT, LOUISIANA

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**REVIEWED FINANCIAL STATEMENTS**

**HEARD  
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June 30, 2008

To the Board of Directors  
HOPE for the Homeless, Inc.  
Shreveport, Louisiana

We have reviewed the accompanying statement of financial position of HOPE for the Homeless, Inc. as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of HOPE for the Homeless, Inc.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of entity 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 30, 2008, on the results of our agreed-upon procedures.

*Heard, McElroy + Vestal, LLP*

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HOPE FOR THE HOMELESS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2007

ASSETS

<u>Current assets:</u>	
Cash	24,535
Accounts receivable	5,411
Grants receivable	<u>15,663</u>
Total current assets	<u>45,609</u>
 Total assets	 <u>45,609</u>

LIABILITIES AND NET ASSETS

<u>Payables</u>	8,471
 <u>Net assets:</u>	
Unrestricted	<u>37,138</u>
Total net assets	<u>37,138</u>
 Total liabilities and net assets	 <u>45,609</u>

See Accountant's Review Report

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

HOPE FOR THE HOMELESS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Revenues and other support:</u>	
Contractual revenue-grants (Note 2)	118,067
Contributions (Note 3)	77,651
Service fees	84,381
Special events	6,220
Other	<u>1,220</u>
Total revenues and other support	287,539
<u>Expenses:</u>	
Board meetings	872
Professional services	6,974
Insurance	12,803
Telephone and utilities	12,202
Postage	325
Special events	4,933
Salary and benefits	210,149
Office supplies and expense	13,144
Travel and conference	1,963
Other	<u>1,422</u>
Total expenses	<u>264,787</u>
<u>Change in net assets</u>	22,752
<u>Net assets-beginning of year</u>	<u>14,386</u>
<u>Net assets-end of year</u>	<u>37,138</u>

See Accountant's Review Report

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

HOPE FOR THE HOMELESS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Cash flows from operating activities:</u>	
Change in net assets	22,752
Change in receivables	10,818
Change in payables	<u>(21,968)</u>
Net cash provided by operating activities	<u>11,602</u>
<u>Net increase in cash</u>	11,602
<u>Cash at beginning of year</u>	<u>12,933</u>
<u>Cash at end of year</u>	<u>24,535</u>

See Accountant's Review Report

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

HOPE FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

**1. Summary of Significant Accounting Policies**

***Nature of Activities*** – HOPE for the Homeless, Inc. (HOPE), is a nonprofit corporation under the laws of the State of Louisiana. HOPE was established to help meet the housing and service needs of the homeless in Northwest Louisiana, and help transition them to self sufficiency. Funding from membership fees, donations, and grants are utilized for this purpose.

***Basis of Accounting*** – The financial statements of HOPE have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Basis of Presentation*** – Financial statement presentation follows the requirements 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 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. HOPE had no temporarily or permanently restricted net assets at December 31, 2007.

***Income Tax Status*** – HOPE is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Services as an organization other than a private foundation. HOPE, therefore, is not subject to income taxes. However, income from certain activities not directly related to HOPE's tax-exempt purpose is subject to taxation as unrelated business income. HOPE had no such income for the year ended December 31, 2007.

***Use of Estimates*** – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

***Cash and Cash Equivalents*** – HOPE's cash, as stated for cash flow purposes, consists of cash on hand and demand deposits with financial institutions.

***Revenue and Support*** – Contributions received may be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are

See Accountant's Review Report



**1. Summary of Significant Accounting Policies (Continued)**

reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

*Compensated Absences* – Full-time employees earn eighty hours of general leave after one year of service, plus six hours for each additional month worked, up to a total of 152 hours. Leave may not be accumulated.

**2. Contractual Revenue**

During the year ended December 31, 2007, HOPE received contractual revenue from a state grant in the amount of \$118,067. The continued existence of these funds is based on periodic contract renewals with various funding sources; amounts renewed may differ significantly from those in existence at December 31, 2007. All revenue from these grants is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries; adjustments in future periods may be necessary as final grant settlements are determined. Such grant revenue is summarized as follows:

Louisiana Department of Health and Hospitals	<u>118,067</u>
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**3. Related Party Transactions**

HOPE shares the cost of its executive director with Centerpoint Community Services, an information and referral source for human services, including homeless services, in Northwest Louisiana. During 2007, HOPE received approximately \$31,000 from Centerpoint for the management services of its executive director. Centerpoint also provides an interest-free credit line to HOPE for the payment of expenses, especially those under cost-reimbursement grants. HOPE repays these advances as it receives its funding. Such advances totaled approximately \$70,000 during the year, and were completely repaid by the end of the year. In addition, HOPE operates in facilities provided by Centerpoint. During 2007, Centerpoint donated the following services to HOPE for its operating needs:

Use of office equipment	6,303
Office supplies	4,033
Utilities and maintenance	9,620
Personnel	<u>51,579</u>
	<u>71,535</u>

These services are valued at estimated fair value, and are included in contributions on the Statement of Activities.

**4. Conditional Promises**

Conditional promises consist of the unfunded portions of approved governmental awards, either currently in effect or approved for commencement after December 31, 2007. Future funding of such awards is conditioned upon HOPE's operation of certain programs, incurrence of certain costs, and possibly meeting certain matching requirements. Because such awards represent conditional promises to HOPE, they have not been recognized in the financial statements at December 31, 2007. Such conditional promises amounted to approximately \$271,000 at December 31, 2007.

OTHER REPORTS

June 30, 2008

To the Board of Directors  
HOPE for the Homeless, Inc.  
Shreveport, Louisiana

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of HOPE for the Homeless, Inc. (HOPE) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about HOPE's compliance with certain laws and regulations during the year ended December 31, 2007 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, 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. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

HOPE's federal, state, and local award expenditures for all programs for the fiscal year follow:

Award	Grant Year	Amount
La. Department of Health and Hospitals, Office of Mental Health	7/1/06 – 6/30/07	54,041
La. Department of Health and Hospitals, Office of Mental Health	7/1/07 - 6/30/08	<u>\$64,026</u>
Total expenditures		<u>\$118,067</u>

2. For each award, we randomly selected six disbursements administered during the period under examination.

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3. For the items selected in Procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

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

4. For the items selected in Procedure 2, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

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

5. For the items selected in Procedure 2, we determined whether the six disbursements received approval from proper authorities.

All items were properly approved by the executive director and a member of the board.

6. For the items selected in Procedure 2, for local awards, we determined whether the disbursements complied with the grant agreement, relating to:

*Activities allowed or unallowed:*

We reviewed the previously listed disbursements for types of services allowed or not allowed. All disbursements complied with the allowability requirements.

*Eligibility*

We reviewed the previously listed disbursements for eligibility requirements. When applicable, all disbursements complied with the eligibility requirements.

*Reporting*

We reviewed the previously listed disbursements for reporting requirements. When applicable, all disbursements complied with the reporting requirements.

7. For the programs selected for testing in item 2 that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

The disbursements selected included one grant that was closed out during the period of our review. We compared the close-out reports for this grant program with the entity's financial records. The amounts reported on the close-out reports agreed to the entity's financial records.

*Meetings*

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as required by LSA-RS 42:1 through 42:12.

Although no notice is physically posted at its office, HOPE posts a notice of each board or membership meeting on its website, and notifies by email all nonprofits and public entities in North Louisiana of scheduled meetings. Management has indicated that it will begin posting the notice of each board and membership meeting at its office, including the related meeting agenda.

***Comprehensive Budget***

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

HOPE provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

***Prior Comments and Recommendations***

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

No prior-year suggestions, recommendations, or comments were made.

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

*Harold M. Gray & Vestal, LLP*

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

JUNE 26, 2008 (Date Transmitted)

Heard, McElroy & Vestal, LLP

P O Box 1607

Shreveport, LA 71165-1607

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(Auditors)

In connection with your review of our financial statements as of December 31, 2007 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)~~ JUNE 25, 2008.

**Federal, State, and Local Awards**

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

Yes  No [ ]

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

Yes  No [ ]

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

Yes  No [ ]

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

Yes  No [ ]

**Open Meetings**

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

Yes  No [ ]

**Budget**

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

Yes  No [ ]

**Prior Year Comments**

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

Yes  No [ ]

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

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

<u>Linda Brooks</u>	Secretary	<u>June 25, 2008</u>	Date
<u>[Signature]</u>	Treasurer	<u>June 25, 2008</u>	Date
<u>Edward Dufor</u>	President	<u>June 25, 2008</u>	Date