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**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Financial Report
June 30, 2001**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other interested 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 JAN 0 2002

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana
June 30, 2001**

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THELMA L. PHILLIPS

Certified Public Accountant

P.O. Box 91473 • Lafayette, LA 70509

(318) 232-0403

INDEPENDENT AUDITOR'S REPORT

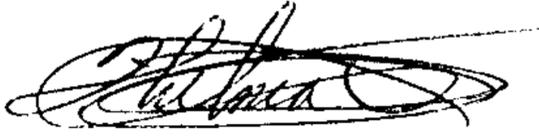
To the Board of Directors of
Helping Hands, Inc. of Lafayette

I have audited the accompanying statement of financial position of Helping Hands, Inc. of Lafayette (a nonprofit organization) as of June 30, 2001, 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.

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 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 Helping Hands, Inc. of Lafayette as of June 30, 2001, 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 November 30, 2001 on my consideration of Helping Hands, Inc. of Lafayette'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.

A handwritten signature in black ink, appearing to be "J. H. ...", written over a horizontal line.

Lafayette, Louisiana
November 30, 2001

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Statement of Financial Position
June 30, 2001**

ASSETS

Current Assets	\$ 22,609
Cash	699
Receivables	6,346
Prepaid expenses	<u> </u>
Total Current Assets	29,654
Equipment and Leasehold Improvements	16,720
Other Assets	<u>3,147</u>
Deposits	<u> </u>
TOTAL ASSETS	<u><u>\$ 49,521</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	\$ 19,815
Accounts payable and accrued expenses	<u> </u>
Total Current Liabilities	<u>19,815</u>
Net Assets	29,706
Unrestricted	-
Temporarily Restricted	<u> </u>
Total Net Assets	<u>29,706</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 49,521</u></u>

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

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Statement of Activities
For the year ended June 30, 2001**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support:			
Governmental Grants	\$ -	\$ 376,439	\$ 376,439
Contributions	-	2,000	2,000
Total public support	-	378,439	378,439
Revenue			
Interest income	91	-	91
Other	-	-	-
Total revenue	91	-	91
Net assets released from restrictions			
Restrictions satisfied by payments	378,439	(378,439)	-
Total support, revenue, and reclassifications	378,530	-	378,530
Expenses			
Program services:			
Cultural Enrichment -			
Homemakers	266,550	-	266,550
Summer Food Service	13,454	-	13,454
Total program services	280,004	-	280,004
Supporting services:			
Management and General	102,062	-	102,062
Total expenses	382,066	-	382,066
Change in net assets	(3,536)	-	(3,536)
Net assets, beginning of year	33,242	-	33,242
Net assets, end of year	\$ 29,706	\$ -	\$ 29,706

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

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Statement of Functional Expenses
For the year ended June 30, 2001**

	<u>Program Services - Cultural Enrichment</u>		<u>Supporting Services</u>	<u>Total</u>
	<u>Homemakers</u>	<u>Summer Food Service</u>	<u>Management and General</u>	
Salaries	\$ 195,508	\$ 4,042	\$ 53,347	\$ 252,897
Payroll taxes	19,120	457	4,864	24,441
Employee benefits	424	-	216	640
Professional fees and contract services	-	500	6,900	7,400
In-kind expenses	-	-	-	-
Travel	13,403	145	1,320	14,868
Insurance	14,799	380	7,618	22,797
Rent	3,600	-	6,400	10,000
Utilities	1,761	-	2,340	4,101
Telephone	4,115	-	5,633	9,748
Repair & maintenance	476	-	1,893	2,369
Office expense	-	57	1,567	1,624
Supplies	1,340	-	3,035	4,375
Conferences, conventions, meetings	-	-	772	772
Grant expense	10,000	-	-	10,000
Postage	2,004	-	451	2,455
Advertising	-	-	21	21
Warranty	-	-	-	-
Interest	-	-	385	385
Other	-	-	-	-
Food	-	6,939	-	6,939
Nonfood supplies	-	934	-	934
Total expenses before depreciation	266,550	13,454	96,762	376,766
Depreciation of furniture, equipment and leasehold improvements	-	-	5,300	5,300
Total Expenses	\$ 266,550	\$ 13,454	\$ 102,062	\$ 382,066

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

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Statement of Cash Flows
For the year ended June 30, 2001**

Cash flows from operating activities

Change in net assets \$ (3,536)

**Adjustments to reconcile change in net assets
to net cash provided by operating activities:**

Depreciation	5,300
(Increase) decrease in receivables	45,712
(Increase) decrease in prepaid expenses	(1,705)
(Increase) decrease in deposits	(150)
Increase (decrease) in accounts payable and accrued expenses	<u>(31,217)</u>

Net cash provided (used) by operating activities 14,404

Cash flows from investing activities

Purchase of Equipment (4,384)

Net cash used by investing activities (4,384)

Cash flows from financing activities

Short-term borrowings	50,000
Repayment of short-term borrowings	<u>(50,000)</u>

Net cash used by financing activities -

Net increase (decrease) in cash and cash equivalents 10,020

Cash and cash equivalents, beginning of year 12,589

Cash and cash equivalents, end of year \$ 22,609

Supplemental Data:

Interest paid \$ 385

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

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Notes to the Financial Statements
June 30, 2001**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Helping Hands, Inc. (the Organization) is a nonprofit organization incorporated under the laws of the State of Louisiana on September 1, 1992. The organization was formed to engage in activities that promote health, social, educational, vocational, and character development for low-income, elderly and handicapped citizens.

A. Basis of Accounting

Financial statement presentation follows the recommendations of the Financial Accounting Standards Boards 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.

B. Estimates

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

C. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include demand deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

D. Grants Receivable

Grants receivable are recognized to the extent that the related qualifying expenses have been incurred.

E. Equipment and Leasehold Improvements

Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment and leasehold improvements are capitalized at cost. The Organization's policy is to capitalize expenditures for those items in excess of \$250.

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 2001**

Depreciation of equipment and leasehold improvements is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Furniture and equipment	5 - 7 years
Leasehold improvements	Life of lease

F. Donated Services and Material

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

G. Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All 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 the purpose for that 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. Helping Hands, Inc. of Lafayette had no permanently restricted net assets during the period of July 1, 2000 through June 30, 2001.

H. Vacation and Sick Leave

Accrued vacation and sick leave must be used by June 30th of each fiscal year and are recorded as expenses of the current period when taken. Any unused time at the end of the fiscal period may not be carried forward to subsequent periods. The Organization does not customarily pay for unused vacation and sick leave upon separation from the company nor does the rights vest or accumulate. Therefore, no liability has been recorded in the accounts as of June 30, 2001.

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 2001**

1. Income Taxes

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and similar provision of the State code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Organization estimates that the fair value of its cash and cash equivalents do not differ materially from its carrying value as recorded in the accompanying financial statements at June 30, 2001.

NOTE 3 - RECEIVABLES

Receivables are deemed to be fully collectible by management, except as discussed in Note 10, and are composed of the following amounts due at June 30, 2001:

Louisiana Department of Labor	\$	400
Louisiana Worker's Compensation Corporation		299
		<hr/>
	\$	<u>699</u>

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 2001**

NOTE 4 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

At June 30, 2001, equipment and leasehold improvements were composed of the following:

Computer equipment	\$ 16,662
Office furniture and equipment	10,158
Machinery and equipment	23,366
Leasehold improvements	1,625
Subtotal	<u>51,811</u>
Less: Accumulated depreciation	35,091
Equipment and leasehold improvements, net	<u>\$ 16,720</u>

NOTE 5 - PREPAID EXPENSES

Prepaid expenses at June 30, 2001 consist of the following:

Insurance	\$ 2,013
Rent	1,600
Maintenance	692
Telephone	1,208
Utilities	683
Office expenses	150
	<u>\$ 6,346</u>

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 2001**

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2001:

Trade accounts payable	\$ 16,096
Compensation and related expenses	3,719
Grants payable	-
	<hr/>
	\$ 19,815

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the time or purpose restrictions specified by donors as follows:

Purpose restrictions accomplished:

Louisiana Governor's Office of Urban Affairs and Development

Homemakers Program \$ 361,750

Louisiana Department of Education

Summer Food Service Program 14,689

Diocese of Lafayette

Homemakers Program 2,000

Total net assets released from restrictions

\$ 378,439

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 2001**

NOTE 8- SUMMARY OF GRANTS/CONTRACTS

Helping Hands, Inc. of Lafayette was primarily funded through the following grants and contracts for the period of July 1, 2000 through June 30, 2001:

Funding Source	Grant Contract Period	Total Grant Contract	Support Recognized
State Department of Urban Affairs and Development	07/01/00 - 06/30/01	\$ 361,750	\$ 361,750
State Department of Education	06/05/00 -- 07/28/00 06/04/01 -- 07/27/01	Cost Reimbursement for Meals	4,682 10,007
			<u>\$ 376,439</u>

Upon completion or expiration of a grant, the Organization must return any unexpended funds to the grantor.

NOTE 9 - GRANT EXPENSE

At June 30, 2001, grant expense consisted of grants made to the following:

Local nonprofit organizations	\$ 10,000
	<u>\$ 10,000</u>

NOTE 10 CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amount which may be disallowed by the grantor cannot be determined at this time, although the Organization's management expects such amounts, if any, to be immaterial. Accordingly, no provision for a liability was recognized in the accompanying financial statements.

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Notes to the Financial Statements (Continued)
June 30, 2001**

NOTE 11 - SUBSEQUENT EVENTS

Line of Credit

Subsequent to June 30, 2001, the Organization has available a line of credit with Bank One, collateralized by all funds on deposit with the financial institution. Under the terms of the agreement, the Organization can borrow up to \$60,000 for the period of August 3, 2001 through December 1, 2001. Interest is due and payable monthly at the rate of 8.750% per annum.

Litigation

A former employee has filed suit in the 15th Judicial District Court of Lafayette Parish alleging wrongful termination from the organization. However, management of the organization plans to vigorously defend the case. Jury trial is currently set to begin on December 10, 2001. While the outcome cannot be predicted at this time, management estimates that the likelihood of potential loss of \$50,000.00 or more, if any, is reasonably possible. The organization does not have directors' liability insurance coverage to absorb any potential damages. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

NOTE 12 - ECONOMIC DEPENDENCY

Helping Hands, Inc. of Lafayette receives its support for operations primarily from grants administered through the Louisiana Governor's Office of Urban Affairs and Development. The grant amounts are appropriated by the Louisiana Legislature on an annual basis. In the event of significant budget cuts, the level of funding could be significantly lower and adversely impact the Organization's operations. However, Management is not aware of any actions planned by the Governor's Office that will reduce its funding within the next fiscal period.

SUPPLEMENTARY INFORMATION

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Schedule of Non-compliance and Reportable Conditions
For the year ended June 30, 2001**

Reportable condition #2001-1: Unresolved Prior Year Management Letter Comment #1999-2

Condition: During my test of cash transactions, I noted that at fiscal year end the amount of checks issued exceeded available funds on deposit resulting in payment of overdraft fees. I also noted that additional checks were written at fiscal year end and held until the organization collected receivables.

Cause Effect: The bank overdraft was caused by inadequate control procedures over disbursement of funds. Overdrawing the cash account could result in unallowable cost due to bank charges for insufficient funds.

Criteria: Good internal control procedures dictate that checks issued should not exceed amount on deposit. Liabilities due at fiscal year end should be accrued in accordance with generally accepted accounting principles.

Recommendation: Management should closely monitor available funds before issuing checks. Instead of writing and holding checks to record payables, accruals should be made in the financial statements for any unpaid liabilities.

Management Comment: Management concurs with recommendation and plans to implement immediately.

Reportable Condition #2001-2: Unresolved Prior Year Management Letter Comment #2000-3

Condition: During my examination of mini-grant agreements, I noted a general lack of provision for handling unused funds, taxes and circumstances under which the contract can be terminated. I also noted that there was inadequate monitoring of the sub-grantees. In addition, I noted one sub-grantee did not expend a \$2,500 award by the end of the grant period nor were funds returned to the Organization as of the audit report date. There was no evidence of the grant term being extended nor was an accrual made in the accompanying financial statements.

Cause and effect: Inadequate procedures for drafting mini-grant agreements and monitoring sub-grantees contributed to the lack of contract provisions and inadequate monitoring.

Criteria: In accordance with the general administrative requirements of the State of Louisiana, grant agreements should contain minimum performance standards such as specifying responsibility for payment of taxes and for handling unused funds, etc.

Recommendation: Management should amend mini-grant agreements currently in effect in order to meet State requirements. In addition, controls should be developed to monitor the performance of sub-grantees in a timely manner. Any unused funds should be returned to the Organization.

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Schedule of Non-compliance and Reportable Conditions
For the year ended June 30, 2001**

Management Comment: Management concurs with this recommendation and plans to develop controls to effectively monitor mini-grants. In regards to the unexpended sub-grantee funds, these had not been spent due to delay in receiving matching grant funds. However, the sub-grantee stated that they plan to utilize these funds by the beginning of next year. Accordingly, no accrual has been made in the accompanying financial statements.

Reportable Condition #2001-3: Unresolved Prior Year Management Letter Comment #2000-4

Condition: During my test of compliance, I noted that client files were missing vital information needed to qualify applicants for the medicine assistance program. In some instances, there was no evidence of client signatures or verification of income and household expenses in the files.

Cause and effect: Due to the newness of the program, adequate documentation of eligibility for participation in the program was not included in the client files.

Criteria: Applicants should sign and date the appropriate forms required to certify that their information is true, accurate, and complete. In addition, proof of income should be included in each file.

Recommendation: Cases should be reviewed in a timely manner to ensure compliance with program guidelines.

Management Comment: Management concurs with recommendations and has taken steps to implement.

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Schedule of Prior Year Findings
For the year ended June 30, 2001**

Section I Internal Control and Compliance Material to the Financial Statements

1997-1 Lack of adequate separation of accounting functions

Recommendation: Due to the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.

Resolution: Unresolved. Not included in current year findings due to passage of two years since the audit report in which the finding occurred, no follow-up with auditee and no management decision issued by grantor agency.

Section II Internal Control and Compliance Material to Federal Awards

None

Section III Management Letter

1997-3 Improper classification of workers.

Recommendation: Multi Training Center workers should have been paid as employees with all applicable payroll taxes withheld and remitted.

Resolution: Partially resolved. Not included in current year findings due to passage of two years since the audit report in which the finding occurred, no follow-up with auditee and no management decision issued by grantor agency.

1999-2 Bank Overdraft

Recommendation: Management should closely monitor available funds before issuing checks.

Resolution: Unresolved. See reportable condition #2001-1.

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana**

**Schedule of Prior Year Findings
For the year ended June 30, 2001**

2000-3 Sub-grantee monitoring

Recommendation: Management should amend mini-grant agreements currently in effect in order to meet State requirements. In addition, controls should be developed to monitor the performance of sub-grantees in a timely manner.

Resolution: Partially resolved. See reportable condition #2001-2

2000-4 Qualifying applicants for Medicine Assistance Program

Recommendation: Cases should be reviewed in a timely manner to ensure compliance with program guidelines.

Resolution: Unresolved. See reportable condition #2001-3

COMPLIANCE AND INTERNAL CONTROL



THELMA L. PHILLIPS

Certified Public Accountant

P.O. Box 91473 • Lafayette, LA 70509
(318) 232-0403

**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 of
Helping Hands, Inc. of Lafayette

I have audited the financial statements of Helping Hands, Inc. of Lafayette (a nonprofit organization) as of and for the year ended June 30, 2001, and have issued my report thereon dated November 30, 2001. 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 Helping Hands, Inc. of Lafayette'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*. However, I noted certain immaterial instances of noncompliance, which I have described in the accompanying schedule of non-compliance and reportable conditions.

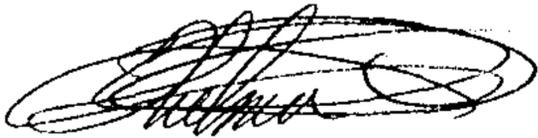
Internal Control Over Financial Reporting

In planning and performing my audit, I considered Helping Hands, Inc. of Lafayette'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 certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. 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 Helping Hands, Inc. of Lafayette's ability to record, process,

summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of non-compliance and reportable conditions.

A material weakness is a condition in which the design or operation of one or more 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. 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, I believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board of Directors, management and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be "L. J. ...", written over a circular scribble.

Lafayette, Louisiana
November 30, 2001