

Individual Weaknesses of Accounting Personnel

Finding:

Due to the small number of accounting personnel, the Organization did not have adequate segregation of functions within the accounting system.

Recommendation:

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

Response:

No response was considered necessary.

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 accounts 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. Our 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 as defined above. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated December 11, 1997.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record, and its distribution is not limited.

Dornell, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

September 11, 1997



**Dornall, Silkes
& Frederick**

MEMBER FIRM OF PRICEWATERHOUSECOOPERS

**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**

The Board of Directors
Helping Hands, Inc. of Lafayette
Lafayette, Louisiana

We have audited the financial statements of Helping Hands, Inc. of Lafayette in nonprofit organizations as of and for the year ended June 30, 1997, and have issued our report thereon dated September 21, 1997. We conducted our audit in accordance with generally accepted auditing standards and 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, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Helping Hands, Inc. of Lafayette's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and our to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and our opinion that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

INTERNAL CONTROL AND COMPLIANCE

HELPING HANDS, INC. OF LAFAYETTE

Notes to Financial Statements (Continued)

10) Grants

Helping Hands, Inc. of Lafayette is the recipient of several cost reimbursement grants. Services is recognized to the extent of expenses incurred under the grant terms. Upon completion or expiration of a grant, unexpended funds are not available to Helping Hands, Inc. of Lafayette.

Included in grant revenues in 1997 and 1998 is \$338,128 and \$188,800, respectively. For each year received from the Louisiana Governor's Office of Urban Affairs and Development restricted for national enrichment programs for the low income elderly and handicapped; \$4,518 and \$11,590, respectively, received from the Department of Education for the drug-free schools and communities program; \$4,497 and \$11,518, respectively, received from the Department of Agriculture for the Summer Food Service Program; and \$28,001 and \$0, respectively, received from the Louisiana Governor's Office of Urban Affairs and Development restricted for providing services to handicapped children.

11) Other Assets

Other assets on the balance sheet represent security deposits made by the Organization.

12) Economic Dependency

Helping Hands, Inc. of Lafayette receives the majority of its revenues from funds provided through grants administered by the State of Louisiana, Office of Urban Affairs and Development. The grant amounts are appropriated each year by the Louisiana legislature. If significant budget cuts are made, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on the operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

HELPING HANDS, INC. OF LAFAYETTE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR

G. Contributions

In accordance with SFAS No. 116 "Accounting for Contributions Received and Contributions Made", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

H. Income Tax Status

The organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

I. Vacation and Sick Leave

Vacation and sick leave are recorded as expenses of the period in which paid. Vacation must be taken in the year accrued and can not be carried over. Sick leave is accumulated by employees at a rate dependent on years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Therefore, no liability has been recorded in the accounts as of June 30, 1997 and 1996.

K. 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 these estimates.

(B) Furniture and Equipment

The following is a summary of furniture and equipment at June 30, 1997 and 1996:

	<u>1997</u>	<u>1996...</u>
Computer equipment	\$ 4,168	\$ 4,300
Office equipment and furniture	3,377	3,577
Machinery equipment	<u>11,812</u>	<u>11,812</u>
	19,357	19,689
Less: Accumulated depreciation	<u>(11,000)</u>	<u>(11,000)</u>
Net furniture and equipment	<u>\$ 8,357</u>	<u>\$ 8,689</u>

HELPING HANDS, INC. OF LAFAYETTE

NOTES TO FINANCIAL STATEMENTS

(i) Summary of Significant Accounting Policies

A. Basis of Presentation

Financial statements presentation follows the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations.

B. Nature of Activities

Helping Hands, Inc. of Lafayette (hereinafter, a nonprofit corporation), was formed under the laws of the State of Louisiana on September 1, 1982. The purpose is to provide services that promote the health, social, educational, vocational and character development of needy, elderly and handicapped persons; to receive, invest and disburse funds; to hold property for the purposes of the Organization; and other related purposes.

C. Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

D. Grants Receivable

Grants receivable is recognized only to the extent that related expenses have been incurred.

E. Furniture and Equipment

Furniture and equipment is valued at cost, or fair market value in the case of donated property. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Furniture and equipment	5 years
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F. Donated Services and Materials

A number of volunteers have donated time to the Organization's program and supporting services. Amounts have been included in the financial statements for donated services based on minimum wage rates. Donated materials are stated at their estimated fair value on the date donated. Estimated amounts of donated materials are immaterial in relation to total expenses.

ARMOUR CORP., INC. OF LAURENSVILLE

Statement of Functional Expenses
Year ended June 30, 1997

	Program Services -				Supporting Services	Total
	Direct	Indirect	Administrative	Capital		
Contract work/rep Depreciation	\$ 731	\$ -	\$ -	\$13,874	\$ -	\$ 14,605
Printing materials	18,428	(1,451)	509	-	4,487	21,468
Office expense	-	-	-	-	25,000	25,000
Travel expense	145	-	-	-	-	145
Insurance	1,028	208	-	344	145	4,614
Utilities expense	-	-	-	830	1,425	2,255
Other	-	753	3	-	712	1,465
Professional services	7,488	878	-	-	-	8,366
Net	-	-	-	2,888	4,558	7,446
Substantive	132,604	4,328	1,297	-	81,854	219,084
Supporting	4,618	80	4,882	2,348	-	12,628
Capital	-	-	-	2,861	8,888	11,749
Total	137,222	4,408	6,179	5,211	90,742	248,762

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

HILFORD HANCO, INC. OF LAFAYETTE

Statement of Cash Flows
Years Ended June 30, 1997 and 1996

	1997	1996
CASH FLOW FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 8,482	\$28,138
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,088	8,877
(Increase) decrease in operating assets -		
Grants receivable	-	7,484
Prepaid expenses	(8,389)	(799)
Other receivables	(3,423)	12,000
Other assets	(98)	276
Increase (decrease) in operating liabilities -		
Accounts payable	(14,013)	18,441
Payroll and related liabilities	(7,393)	801
Deferred revenue	812	-
Due to state	8,872	-
Net cash provided (used) by operating activities	<u>113,882</u>	<u>113,122</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(194)	(3,594)
Proceeds from disposal of fixed assets	-	-
Net cash used by investing activities	<u>(194)</u>	<u>(3,594)</u>
Net increase (decrease) in cash and cash equivalents	113,688	109,528
ENDING CASH AND CASH EQUIVALENTS	<u>24,827</u>	<u>14,884</u>
BEGINNING CASH AND CASH EQUIVALENTS	\$ 12,738	\$24,807

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

HELPING HANDS, INC., OF LAFAYETTE

Statement of activities
Years Ended June 30, 1997 and 1996

	<u>1997</u>	<u>1996</u>
UNRESTRICTED NET ASSETS		
Public support:		
Contributions in kind	\$ 321	\$ 150
Revenue:		
Interest income	5,496	5,204
Donations	5,880	5,880
Other income	1,278	1,430
Total revenue	<u>12,654</u>	<u>12,514</u>
Net assets released from restrictions	<u>128,521</u>	<u>148,150</u>
Total support, revenue and net assets released from restrictions	<u>268,196</u>	<u>308,814</u>
EXPENSES		
PROGRAM SERVICES:		
Citizens Enrichment -		
Donations	288,880	328,740
Drug Free Schools	5,484	19,200
Summer Food Service	5,848	8,268
Multi-Training Center	17,187	-
SUPPORTING SERVICES:		
General and administrative	<u>108,262</u>	<u>78,880</u>
Total expenses	<u>396,771</u>	<u>416,288</u>
Increase in unrestricted net assets	<u>-128,575</u>	<u>-107,474</u>
TEMPORARILY RESTRICTED NET ASSETS		
Commercial grants	248,131	248,100
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>248,131</u>	<u>248,100</u>
Increase (decrease) in temporarily restricted assets	<u>-</u>	<u>-</u>
Increase in net assets	<u>5,480</u>	<u>18,126</u>
NET ASSETS, Beginning of year	<u>18,852</u>	<u>12,201</u>
NET ASSETS, end of year	<u>\$ 24,332</u>	<u>\$ 30,327</u>

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

HILLING HARRIS, INC. OF LAFAYETTE

Statement of Financial Position
 June 30, 1957 and 1956

	<u>1957</u>	<u>1956</u>
ASSETS		
CURRENT ASSETS		
Cash	\$22,700	\$24,807
Other receivables	2,620	1,816
Prepaid insurance	2,220	2,763
Prepaid expenses	5,990	-
Other assets	<u>200</u>	<u>200</u>
TOTAL CURRENT ASSETS	<u>33,930</u>	<u>33,586</u>
FURNITURE AND EQUIPMENT	<u>8,360</u>	<u>12,830</u>
TOTAL ASSETS	<u>\$42,290</u>	<u>\$46,416</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,220	\$24,220
Accrued payroll and related liabilities	4,180	8,887
Deferred revenue	450	-
Due to state	<u>3,632</u>	<u> </u>
Total current liabilities	<u>10,482</u>	<u>33,107</u>
NET ASSETS	<u>31,808</u>	<u>13,309</u>
Deferred revenue	<u>450</u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$42,290</u>	<u>\$46,416</u>

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



**Darnall, Sikes
& Frederick**

Independence • Integrity • Accuracy

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Helping Hands, Inc. of Lafayette
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Helping Hands, Inc. of Lafayette (a nonprofit organization) as of June 30, 1997 and 1996, and the related statements of activities and cash flows for the years then ended and the statement of functional expenses for the year ended June 30, 1997. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we 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 statements presentation. We believe that our audits provide a reasonable basis for our opinions.

In our 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, 1997 and 1996, and the changes in its net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 11, 1997 on our consideration of Helping Hands, Inc. of Lafayette's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
September 18, 1997

STATE OF LOUISIANA
COUNTY OF CALCAVIA
NOTARY PUBLIC
My Commission Expires 08/31/98
I, _____
Notary Public in and for the State of Louisiana
do hereby certify that _____
President of Helping Hands, Inc. of Lafayette
has acknowledged to me that he is the duly
authorized signatory of the foregoing
instrument and that he is duly qualified to
execute the same.
GIVEN UNDER MY HAND AND SEAL OF OFFICE
THIS 18th DAY OF SEPTEMBER, 1997.
My Commission Expires 08/31/98

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HELPING HANDS, INC. OF LAFAYETTE

Financial Report

Years Ended June 30, 1987 and 1988

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the secretary of state, county 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 JAN 21 1988

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