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

**Financial Report
June 30, 2004**

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 2-2-05

**Helping Hands, Inc. of Lafayette
Lafayette, Louisiana
June 30, 2004**

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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, 2004, 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, 2004, 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 29, 2004 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.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Helping Hands, Inc. of Lafayette taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit

Organizations,” and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Lafayette, Louisiana
December 29, 2004

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

**Statement of Financial Position
June 30, 2004**

ASSETS

Current Assets

Cash	\$ 36,081
Receivables	146,586
Prepaid expenses	<u>5,862</u>

Total Current Assets 188,529

Equipment and Leasehold Improvements 25,481

Other Assets

Deposits	<u>870</u>
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TOTAL ASSETS \$ 214,880

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	<u>\$ 120,720</u>
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Total Current Liabilities 120,720

Net Assets

Unrestricted	94,160
Temporarily Restricted	<u>-</u>

Total Net Assets 94,160

TOTAL LIABILITIES AND NET ASSETS \$ 214,880

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, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support:			
Governmental Grants	\$ -	\$ 863,840	\$ 863,840
Contributions	479	5,200	5,679
Total public support	<u>479</u>	<u>869,040</u>	<u>869,519</u>
Revenue			
Interest income	904	-	904
Other	-	-	-
Total revenue	<u>904</u>	<u>-</u>	<u>904</u>
Net assets released from restrictions			
Restrictions satisfied by payments	<u>869,040</u>	<u>(869,040)</u>	<u>-</u>
Total support, revenue, and reclassifications	<u>870,423</u>	<u>-</u>	<u>870,423</u>
Expenses			
Program services:			
Cultural Enrichment - Homemakers	85,141	-	85,141
TANF Program	603,762	-	603,762
Medicine Assistance Program	143,835	-	143,835
	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	832,738	-	832,738
Supporting services:			
Management and General	<u>141,458</u>	<u>-</u>	<u>141,458</u>
Total expenses	<u>974,196</u>	<u>-</u>	<u>974,196</u>
Change in net assets	(103,773)	-	(103,773)
Net assets, beginning of year	<u>197,933</u>	<u>-</u>	<u>197,933</u>
Net assets, end of year	<u>\$ 94,160</u>	<u>\$ -</u>	<u>\$ 94,160</u>

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, 2004

	Program Services				Supporting Services Management and General	Total
	Homemakers	TANF		MAP		
		After School	Teen Pregnancy			
Salaries	\$ 62,778	\$ 41,890	\$ 5,943	\$ 82,663	\$ 61,228	\$ 254,502
Payroll taxes	6,181	3,573	482	7,700	5,177	23,113
Employee benefits	-	-	-	-	-	-
Professional fees and contract services	-	286,104	112,742	25,000	10,200	434,046
In-kind expenses	-	-	-	-	-	-
Travel	11,705	6,964	1,632	2,740	459	23,500
Insurance	4,477	346	49	683	7,769	13,324
Rent	-	3,000	4,610	7,800	6,000	21,410
Utilities	-	795	430	3,564	3,087	7,876
Telephone	-	1,620	927	6,192	5,584	14,323
Repair & maintenance	-	-	-	1,072	2,334	3,406
Office expense	-	513	-	803	3,736	5,052
Supplies	-	32,514	9,934	2,025	2,245	46,718
Conferences, conventions, meetings	-	39,666	45,674	-	-	85,340
Awards and Grants expense	-	-	-	-	29,800	29,800
Postage	-	532	-	1,928	230	2,690
Advertising	-	-	-	-	-	-
Warranty	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Food	-	-	-	-	-	-
Nonfood supplies	-	-	-	-	-	-
Total expenses before depreciation	85,141	417,517	182,423	142,170	137,849	965,100
Depreciation of furniture, equipment and leasehold improvements	-	3,797	25	1,665	3,609	9,096
Total Expenses	\$ 85,141	\$ 421,314	\$ 182,448	\$ 143,835	\$ 141,458	\$ 974,196

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, 2004**

Cash flows from operating activities

Change in net assets \$ (103,773)

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

Depreciation 9,096
(Increase) decrease in receivables 128,676
(Increase) decrease in prepaid expenses 404
(Increase) decrease in deposits -
Increase (decrease) in accounts payable and accrued expenses (602)

Net cash provided (used) by operating activities 33,801

Cash flows from investing activities

Purchase of Equipment (8,524)

Net cash used by investing activities (8,524)

Cash flows from financing activities

Short-term borrowings -
Repayment of short-term borrowings -

Net cash used by financing activities -

Net increase (decrease) in cash and cash equivalents 25,277

Cash and cash equivalents, beginning of year 10,804

Cash and cash equivalents, end of year \$ 36,081

Supplemental Data:

Interest paid \$ -

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, 2004**

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, 2004**

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, 2003 through June 30, 2004.

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, 2004.

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

**Notes to the Financial Statements (Continued)
June 30, 2004**

I. 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, 2004.

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, 2004:

Louisiana Department of Education	\$ 145,887
Louisiana Department of Labor	400
Louisiana Worker's Compensation Corporation	299
	<u>\$ 146,586</u>

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

**Notes to the Financial Statements (Continued)
June 30, 2004**

NOTE 4 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

At June 30, 2004, equipment and leasehold improvements were composed of the following:

Computer equipment	\$ 34,797
Office furniture and equipment	10,158
Machinery and equipment	38,415
Leasehold improvements	1,625
Subtotal	<u>84,995</u>
Less: Accumulated depreciation	59,514
Equipment and leasehold improvements, net	<u>\$ 25,481</u>

NOTE 5 - PREPAID EXPENSES

Prepaid expenses at June 30, 2004 consist of the following:

Insurance	\$ 3,707
Maintenance	1,255
DOE-TANF Program Fieldtrips	900
	<u>\$ 5,862</u>

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2004:

Trade accounts payable	\$ 111,703
Compensation and related expenses	3,017
Grants payable	6,000
	<u>\$ 120,720</u>

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

**Notes to the Financial Statements (Continued)
June 30, 2004**

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	\$ 319,500
Louisiana Department of Education	
Temporary Assistance for Needy Families Program - ASFA	411,529
Louisiana Department of Education	
Temporary Assistance for Needy Families Program - TPP	225,682
Louisiana Department of Health and Hospitals	
Medicine Assistance Program - 2004 Program	84,254
Medicine Assistance Program - 2004 Program	(30,029)
Louisiana Department of Health and Hospitals	
Medicine Assistance Program - 2003 Program	(117,575)
Medicine Assistance Program - 2003 Program	(29,521)
Miscellaneous Contributions	5,679
Total net assets released from restrictions	<u><u>\$ 869,519</u></u>

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

**Notes to the Financial Statements (Continued)
June 30, 2004**

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, 2003 through June 30, 2004:

Funding Source	Grant Contract Period	Total Grant Contract	Support Recognized
Governor's Office of Urban Affairs and Development	07/01/03 - 06/30/04	\$ 319,500	\$ 319,500
State Department of Education	09/15/02 – 08/31/03 09/15/03 – 08/31/04	\$ 400,000 \$ 400,000	\$ 101,089 \$ 310,440
State Department of Education Education	10/01/03 – 08/31/04	\$ 275,000	\$ 225,682
State Department of Health and Hospitals	03/01/03 – 06/30/03	\$ 200,000	\$ (147,096)
State Department of Health and Hospitals	11/01/03 – 06/30/04	\$ 100,000	\$ 54,225
			<u>\$ 863,840</u>

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

The Organization filed a claim for reimbursement from the Louisiana Department of Health and Hospitals in the amount of \$143,146 for MAP program cost at June 30, 2003. Appropriate grant officials have determined that \$117,575 of those funds for a pharmacy and the related license was claimed in violation of the provisions of the grant agreement and required the Organization to refund this amount. Accordingly, an adjustment has been made to current earnings in the accompanying financial statements for the grantor claim for refund and subsequent payment of those grant funds by the Organization during the fiscal year ended June 30, 2004.

During the audit period, the Organization filed claims for reimbursement of MAP program cost totaling \$84,254 from the Louisiana Department of Health and Hospitals. The grantor conducted an audit of the claims for the two fiscal years and determined that the Organization also claimed an additional \$29,521 for program salaries and the related benefits in violation of the provisions of the 2003 grant agreement.

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

**Notes to the Financial Statements (Continued)
June 30, 2004**

As a result, the grantor required that the additional funds be offset against amounts due under the 2004 contract. The Organization received reimbursement in the amount of \$24,704 of the total claimed for 2004. The remaining \$30,029 balance due after offset will not be reimbursed by the grantor. Accordingly, an adjustment has been made to current earnings in the accompanying financial statements.

NOTE 9 – AWARDS AND GRANTS EXPENSE

At June 30, 2004, awards and grants were made to the following:

Local nonprofit organizations	\$ 29,500
Assistance to individuals	<u>300</u>
	<u>\$ 29,800</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. Except as indicated in the following paragraph, the amount, which may be disallowed by the grantor, cannot be determined at this time. Accordingly, no provision for a liability was recognized in the accompanying financial statements.

The Organization violated the grant agreement with Governor's Office of Urban Affairs and Development (GOUAD) by filing an inaccurate closeout report for expenses incurred during the fiscal period ended June 30, 2004. Funds of the GOUAD grant were inappropriately used to pay approximately \$50,400 of expenses for the Department of Health & Hospitals (DHH) MAP program. Consequently, the Organization included these expenses in the GOUAD closeout report. In addition, the Organization did not pay expenses encumbered for a sub-grant award in the amount of \$5,000 prior to closeout of the grant as required by its grant agreement. These unused funds were not returned to GOUAD at closeout. The possible outcome of these matters is uncertain at the present time. Accordingly, no provision for a liability has been made in the accompanying financial statements for possible grantor claims for refund of those grant funds.

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

**Notes to the Financial Statements (Continued)
June 30, 2004**

NOTE 11 - SUBSEQUENT EVENTS

Line of Credit

Presently, the Organization has available a variable-rate revolving 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 \$50,000. Interest is due and payable monthly on the 1st day of each month at the rate of 4.250% plus prime to be applied to the unpaid principal balance. There were no outstanding advances under this arrangement at June 30, 2004. However, subsequent to yearend, the Organization drew down a total of \$37,000.00 on the line with an outstanding principal balance due of \$22,642.00.

Litigation

A former employee filed suit in the 15th Judicial District Court of Lafayette Parish alleging wrongful termination from the organization. Jury trial was held on November 11, 2004 and verdict granted in favor of all defendants. At this time, it is unclear whether plaintiff will appeal the verdict. Management estimates that the likelihood of a 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 and the Louisiana Departments of Education, and Health and Hospitals. 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 grantor agencies that will reduce its funding within the next fiscal period.

SUPPLEMENTARY INFORMATION

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

**Schedule of Expenditures of Federal Awards
For the year ended June 30, 2004**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Health and Human Services:</i>			
Pass-through from State Department of Education - Temporary Assistance for Needy Families - ASFA	93.558	CFMS #590302 and #603384	419,148
Pass-through from State Department of Education - Temporary Assistance for Needy Families - TPP	93.558	CFMS #604070	<u>183,178</u>
Total U.S. Department of Health and Human Services:			<u>602,326</u>
Total expenditures of federal awards			<u><u>602,326</u></u>

See accompanying notes to schedule of expenditures of federal awards

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

**Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2004**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Helping Hands, Inc. of Lafayette and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

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

**Summary Schedule of Prior Audit Findings
For the year ended June 30, 2004**

FINDINGS-FINANCIAL STATEMENTS AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2003-01 Cash

Condition: Cash audit procedures disclosed that checks were written and held for inordinate periods of time. There were several instances of 60 days or more.

Recommendation: The practice of issuing checks and holding for mailing later should be discontinued effective immediately. Program expenses should be properly accrued and checks should not be prepared until the disbursement is ready to be made.

Current Status: The Organization has established procedures for accruing expenses and paying invoices when funds are available.

2003-02 Payroll

Condition: Payroll cost during the fiscal year was charged to the program on the basis of budgeted amounts. The Organization's payroll time sheets did not adequately reflect which program should be charged for the hours worked.

Recommendation: Management and staff should be adequately trained and familiar with all laws, regulations and the provisions of contracts and grant agreements that could have a direct and material effect on its federal program. Payroll time should be tracked by program and charged appropriately.

Current Status: Management created new time sheets to record time spent on each program and reconstructed payroll time accordingly.

2003-03 Interfund loans

Condition: Payroll for administrative staff was paid from state funds then later reimbursed. However, reimbursement/repayment in some instances were made in more than 90 days.

Recommendation: Practice of making unauthorized interfund loans should be discontinued effective immediately. Reimbursement should be made in a timely manner.

Current Status: Reimbursement for payroll is made on a timely basis. No interfund loans.

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

**Summary Schedule of Prior Audit Findings
For the year ended June 30, 2004**

2003-04 Noncompliance with reporting requirement

Condition: The Organization did not comply with federal and state laws regarding audit report completion and submission.

Recommendation: Management should provide information to auditors in a timely fashion in order to meet reporting requirements.

Current Status: Management concurs with recommendation and plans to continue making appropriate adjustments to handle increased workload during the audit examination in order to comply with reporting requirements.

2003-05 Insufficient number of authorized signatures on checks

Condition: During tests of transactions, there were several instances where checks did not have the proper number of signatures. The only apparent signature was the executive director's. These checks were paid by bank upon presentation.

Recommendation: Proper number of authorized signatures should be obtained on all checks before releasing for disbursement to minimize the possibility of undetected errors or misappropriation of cash. The bank should be notified not to honor checks with the improper number of authorized signatures upon presentation.

Current Status: Management exercises more caution during the check signing process. Canceled checks have been reviewed for proper number of signatures and corrected accordingly.

2002-01 Cash

Condition: Checks were written and held for inordinate periods of time. Checks appeared to have been routinely clearing bank in an average of 30 days or more. There were several instances of 120 days or more.

Recommendation: Practice of issuing checks and holding for mailing should be discontinued effective immediately. Program expenses should be accrued and checks should not be prepared until the disbursement is ready to be made.

Current Status: The Organization has established procedures for accruing expenses and paying invoices when funds are available.

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

**Summary Schedule of Prior Audit Findings
For the year ended June 30, 2004**

2002-03 Payroll

Condition: Pre-award payroll cost totaling \$1,104 was improperly charged to the program. Supporting time and attendance records did not properly reflect the actual hours associated with this pre-award cost.

Recommendation: Pre-award cost should be approved by the grantor agency. Management and staff should be adequately trained and familiar with all laws, regulations and the provisions of contracts and grant agreements that could have a direct and material effect on its federal program.

Current Status: Pre-award cost has not been approved by grantor agency. Management and staff should be trained as recommended.

2002-04 Payroll

Condition: Payroll cost for the fiscal year was charged to the program on the basis of budgeted amounts. Time sheets did not adequately reflect which program should be charged for the hours worked.

Recommendation: Management and staff should be adequately trained and familiar with all laws, regulation and provisions of contracts and grant agreements that could have a direct and material effect on its federal program. Payroll time should be tracked by program and charged appropriately.

Current Status: Management and staff should be trained as recommended. Management created new time sheets to record time spent on each program and reconstructed payroll time accordingly.

2002-05 Interfund loans

Condition: The Organization made short-term loans between federal and state funds and between federal grantor agencies. Payroll for administrative staff was paid from state funds then later reimbursed. The Organization would transfer cash between grantor agency bank accounts to finance other aspects of its program operations as well. In some instances, reimbursement/repayment was made in more than 5 months. Interfund receivables and payables were not recorded in the financial records, whereas the cash transfers were recorded. At fiscal year end, the Department of Social Services was liable to the Department of Education in the amount of \$16,490 for loans dating back to March 2002 and for administrative reimbursements made to State grantor agency for the months of May 2002 and June 2002. The loans were repaid subsequent to yearend.

Recommendation: In the future, the Organization should seek an advance from the grantor agency to assist with start-up operations. The practice of making unauthorized interfund loans should be discontinued effective immediately.

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

**Summary Schedule of Prior Audit Findings
For the year ended June 30, 2004**

Current Status: Reimbursement for payroll is being made on a timely basis.

2002-06 Noncompliance with reporting requirement

Condition: The Organization did not comply with federal and state laws regarding audit report completion and submission.

Recommendation: Management should provide information to auditors in a timely fashion in order to meet reporting requirements.

Current Status: The Organization implemented controls to ensure timely submission of future audit reports.

2002-07 Inaccurate claims for reimbursement

Condition: There were numerous discrepancies between the student contact hours shown on the supporting attendance documents and the hours that were claimed for reimbursement for three out of three claims tested for the Department of Education. As a result of these discrepancies, \$26,789 was the amount over claimed for reimbursement.

Recommendation: The Organization should implement adequate checks and balances to ensure integrity and accuracy of student contact hours and to improve reconciliation of claims and the underlying source documentation prior to filing claims for reimbursement.

Current Status: The Organization implemented procedures to ensure that all claims are supported by adequate documentation.

2002-08 Payment of obligation exceed period of availability

Condition: Expenses of \$4,471 for DOE summer enrichment program were paid in 105 days after the end of the program period. The Organization prepared the check June 28, 2002 and held for later mailing. This check cleared the bank on January 13, 2003 (199 days). The program ended September 2002 and the obligation was paid by bank in January 2003.

Recommendation: Management and staff should be adequately trained and familiar with all laws, regulation and the provisions of contracts and grant agreements that could have a direct and material effect on its federal program.

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

**Summary Schedule of Prior Audit Findings
For the year ended June 30, 2004**

Current Status: Management and staff should be trained as recommended.

2002-09 Insufficient number of authorized signatures on checks

Condition: There were several instances where checks did not have the proper number of signatures. The only apparent signature was the executive director's. These checks were paid by bank upon presentation.

Recommendation: Proper number of authorized signatures should be obtained on all checks before releasing for disbursement to minimize the possibility of undetected errors or misappropriations of cash. The bank should be notified not to honor checks with the improper number of authorized signatures upon presentation.

Current Status: Canceled checks have been reviewed for proper number of signatures and corrected accordingly.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Temporary Assistance for Needy Families-CFDA No. 93.558; Grants No. CFMS 576575/590302 and CFMS No. 576565; Grant Period-Year ended June 30, 2003

2003-06 The discussion for finding 2003-01 also applies to this finding.

2003-07 The discussion for finding 2003-02 also applies to this finding.

2003-08 The discussion for finding 2003-03 also applies to this finding.

2003-09 The discussion for finding 2003-04 also applies to this finding.

2003-10 The discussion for finding 2003-05 also applies to this finding.

Temporary Assistance for Needy Families-CFDA No. 93.558; Grants No. CFMS 576575 and CFMS No. 576565; Grant Period-Year ended June 30, 2002

2002-10 The discussion for finding 2002-01 also applies to this finding.

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

**Summary Schedule of Prior Audit Findings
For the year ended June 30, 2004**

2002-12 The discussion for finding 2002-03 also applies to this finding.

2002-13 The discussion for finding 2002-04 also applies to this finding.

2002-14 The discussion for finding 2002-05 also applies to this finding.

2002-15 The discussion for finding 2002-06 also applies to this finding.

2002-16 The discussion for finding 2002-07 also applies to this finding.

2002-17 The discussion for finding 2002-08 also applies to this finding.

2002-18 The discussion for finding 2002-09 also applies to this finding.

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

**Schedule of Findings and Questioned Costs
For the year ended June 30, 2004**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Helping Hands, Inc. of Lafayette.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of Helping Hands, Inc. of Lafayette were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of internal control over major federal award programs reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for the major federal award programs for Helping Hands, Inc. of Lafayette expresses an unqualified opinion on the major federal program.
6. There were no audit findings relative to the major federal award programs for Helping Hands, Inc. of Lafayette reported in this Schedule of Findings and Questioned Costs.
7. The program tested as a major program included: Temporary Assistance for Needy Families CFDA No. 93.558.
8. The threshold for distinguishing Types A and B programs was \$500,000.
9. Helping Hands, Inc. of Lafayette was not determined to be a low-risk auditee.

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

**Schedule of Findings and Questioned Costs
For the year ended June 30, 2004**

FINDINGS-FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

None

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

**Schedule of Current Year Findings
For the year ended June 30, 2004**

2004-01 Inaccurate closeout report

Condition: The Organization filed an inaccurate closeout report for expenses incurred during the fiscal period ended June 30, 2004 for Governor's Office of Urban Affairs and Development (GOUAD). Funds of the GOUAD grant were inappropriately used to pay approximately \$50,400 of expenses for the Department of Health & Hospitals (DHH) MAP program. Consequently, the Organization included these expenses in the GOUAD closeout report. In addition, the Organization did not pay expenses encumbered for a sub-grant award in the amount of \$5,000 prior to closeout of the grant as required by its grant agreement. These unused funds were not returned to GOUAD at closeout.

Criteria: Closeout reports should be accurate and complete in accordance with the Governor's Office of Urban Affairs and Development Special Clauses to the Cooperative Endeavor Agreement. All expenses encumbered prior to the end of the fiscal year must be paid prior to closeout of the grant. All unexpended funds should be returned to GOUAD with the closeout package within 45 days of the fiscal yearend.

Cause and effect: Inadequate controls over reporting resulted in an inaccurate closeout report being filed. The GOUAD may file a claim for refund against the Organization for the unused grant funds and possibly withhold or disallow current funding.

Recommendation: The closeout report for fiscal year ended June 30, 2004 should be revised timely and submitted accordingly to the Governor's Office of Urban Affairs and Development along with any unused grant funds.

Management Comment: The Organization is in the process of revising the closeout report for resubmission to the Governor's Office of Urban Affairs and Development. Management disagrees with the finding that the \$5,000 sub-grant was not paid by the time the closeout report was filed. The check was issued to the sub-grantee in May 2004 and held until September 2004 by the sub-grantee.

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

**Schedule of Prior Year Findings
For the year ended June 30, 2004**

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

2002-1: Unauthorized transfer of cash

Recommendation: Management and staff should be adequately trained and familiar with all laws, regulations and the provisions of contracts and grant agreements that could have a direct and material effect on its state program

Resolution: Unresolved. See prior year reportable condition #2003-1.

#2002-2: Unauthorized use of cash

Recommendation: In the future, the Organization should seek an advance from the grantor agency to assist with start-up operations. Practice of making unauthorized interfund loans should be discontinued effective immediately.

Resolution: Resolved. See prior year reportable condition #2003-2.

#2002-3: Non-compliance with Governor's Office of Urban Affairs and Development Special Clauses

Recommendation: The Board of Directors, management and staff should be adequately trained and familiar with all laws, regulations and the provisions of contracts and grant agreements that could have a direct and material effect on its programs.

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

**Schedule of Prior Year Findings
For the year ended June 30, 2004**

Resolution: Partially Resolved. Management and the Board of Directors have reviewed the Governor's Office of Urban Affairs and Development Special Clauses. Management and staff should be trained and familiar with all laws, regulations and the provisions of contracts and grant agreements as recommended.

#2002-4: Noncompliance with reporting requirement

Recommendation: Management should provide information to auditors in a timely fashion in order to meet reporting requirements.

Resolution: Resolved. See prior year reportable condition #2003-3.

Reportable condition #2003-1: Unresolved Prior Year Reportable Condition #2002-1 Unauthorized transfer of cash

Recommendation: Management and staff should be adequately trained and familiar with all laws, regulations and the provisions of contracts and grant agreements that could have a direct and material effect on its state program.

Resolution: Partially resolved. Management and staff will be trained in the laws and regulations.

Reportable condition #2003-2: Unresolved Prior Year Reportable Condition #2002-2 Unauthorized use of cash

Recommendation: Practice of making unauthorized interfund loans should be discontinued effective immediately. Suggest establishing an imprest "zero balance" payroll cash account whereby the account is kept at a zero balance and transferring funds on an as needed basis to cover payroll and payroll taxes.

Resolution: Partially resolved. Management stated that the Organization would obtain approval from the Governor's Office of Urban Affairs and Development to utilize its bank account for issuing payroll checks for all programs. If not approved, a separate payroll account would be opened for this purpose.

Reportable condition #2003-3: Noncompliance with reporting requirement

Recommendation: Management should provide information to auditors in a timely fashion in order to meet reporting requirements.

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

**Schedule of Prior Year Findings
For the year ended June 30, 2004**

Resolution: Resolved. Management concurs with recommendation and plans to continue making appropriate adjustments to handle increased workload during the audit examination in order to comply with reporting requirements.

Reportable condition #2003-4: Improper claim for reimbursement

Recommendation: The Organization should request an extension of the agreement. If not obtained, the unused funds at June 30, 2003 should be returned to DHH. In addition, procedures should be developed to ensure that claims are filed in accordance with contract provisions and to ensure that proper approval is obtained to extend the contract as needed.

Resolution: Resolved. Funds returned to DHH.

COMPLIANCE AND INTERNAL CONTROL



THELMA L. PHILLIPS

Certified Public Accountant

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**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, 2004, and have issued my report thereon dated December 29, 2004. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year findings as item 2004-01.

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 current year findings as item 2004-01.

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. 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, of the reportable conditions described above, I consider item 2004-01 to be 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 federal awarding agencies and pass-through entities 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 "Richard", with a long horizontal line extending to the right.

Lafayette, Louisiana
December 29, 2004



THELMA L. PHILLIPS

Certified Public Accountant

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

I have audited the compliance of Helping Hands, Inc. of Lafayette with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to its major federal program for the year ended June 30, 2004. Helping Hands, Inc. of Lafayette's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Helping Hands, Inc. of Lafayette's management. My responsibility is to express an opinion on Helping Hands, Inc. of Lafayette's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Helping Hands, Inc. of Lafayette's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Helping Hands, Inc. of Lafayette's compliance with those requirements.

In my opinion, Helping Hands, Inc. of Lafayette complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control over Compliance

The management of Helping Hands, Inc. of Lafayette is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Helping Hands, Inc. of Lafayette's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, others within the Organization and federal awarding agencies and pass-through entities 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 "D. H. ...", written over a horizontal line.

Lafayette, Louisiana
December 29, 2004