

HAMPCO, INC.

**Financial Report
For the Year Ended June 30, 2004**

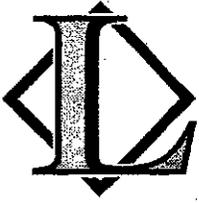
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-9-05

HAMPCO, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2004

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LITTLE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hampco, Inc.
Monroe, Louisiana

We have audited the accompanying statement of financial position of Hampco, Inc. (the "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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hampco, Inc. as of June 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2004, on our consideration of Hampco, Inc.'s internal control over financial reporting and our 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 our audit.

The Board of Directors
Hampco, Inc.
Page 2

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Hampco, Inc. taken as a whole. The accompanying supplementary information included on pages 14-17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Little + Associates, LLC

Monroe, Louisiana
October 25, 2004

HAMPCO, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

Assets	
Cash	\$ 55,665
Accounts Receivable - Department of Education	65,530
Equipment	18,651
Accumulated Depreciation - Equipment	<u>(10,880)</u>
Total Assets	\$ <u><u>128,966</u></u>
Liabilities	
Accounts Payable	\$ 5,315
Accrued Payroll	<u>67,320</u>
Total Liabilities	<u>72,635</u>
Net Assets	
Unrestricted	668
Temporarily Restricted	<u>55,663</u>
Total Net Assets	<u>56,331</u>
Total Liabilities and Net Assets	\$ <u><u>128,966</u></u>

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

HAMPCO, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contracts:			
Cooperative Endeavor Agreement - Louisiana Governor's Office of Urban Affairs and Development	\$ -	\$ 227,000	\$ 227,000
Louisiana Department of Education	-	290,359	290,359
Donated Use of Equipment	-	1,837	1,837
Other Income	-	1,631	1,631
Net Assets Released from Restrictions	<u>536,511</u>	<u>(536,511)</u>	<u>-</u>
Total Support and Revenue	<u>536,511</u>	<u>(15,684)</u>	<u>520,827</u>
Expenses			
Programs:			
Hampco Programs:			
Com-Put-R	900	-	900
Kick-A-Goal	111	-	111
Project Care	8,059	-	8,059
Project Drive	33,496	-	33,496
TANF	<u>298,764</u>	<u>-</u>	<u>298,764</u>
Total Hampco Programs	<u>341,330</u>	<u>-</u>	<u>341,330</u>
Grant Programs	<u>103,608</u>	<u>-</u>	<u>103,608</u>
Total Grant Programs	<u>103,608</u>	<u>-</u>	<u>103,608</u>
Total Programs	<u>444,938</u>	<u>-</u>	<u>444,938</u>
Supporting Services:			
Management and General	<u>91,573</u>	<u>-</u>	<u>91,573</u>
Total Expenses	<u>536,511</u>	<u>-</u>	<u>536,511</u>
Change in Net Assets	-	(15,684)	(15,684)
Net Assets at Beginning of Year	<u>668</u>	<u>71,347</u>	<u>72,015</u>
Net Assets at End of Year	<u>\$ 668</u>	<u>\$ 55,663</u>	<u>\$ 56,331</u>

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

HAMPCO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2004

	Hamco Programs			
	<u>Com-Put-R</u>	<u>Kick-A-Goal</u>	<u>Project Care B</u>	<u>Project Drive</u>
Advertising	\$ -	\$ -	\$ -	\$ -
Bank Charges	-	64	-	240
Banquets & Refreshments	-	21	-	2,671
Contract Services	800	-	2,152	21,644
Delivery Expense	-	-	5,907	-
Depreciation	-	-	-	-
Insurance	-	-	-	-
Office Supplies and Expense	-	-	-	-
Other	-	-	-	686
Professional Fees	-	-	-	-
Rent	-	-	-	600
Salaries	-	-	-	-
Supplies	100	26	-	7,655
Taxes - Payroll	-	-	-	-
Telephone Expense	-	-	-	-
Transportation	-	-	-	-
Travel Expense	-	-	-	-
	<u>\$ 900</u>	<u>\$ 111</u>	<u>\$ 8,059</u>	<u>\$ 33,496</u>

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

	Supporting Services		
	TANF	Management and General	Total
Advertising	\$ -	\$ 350	\$ 350
Bank Charges	102	232	638
Banquets & Refreshments	4,414	2,461	9,567
Contract Services	244,591	22,427	291,614
Delivery Expense	-	-	5,907
Depreciation	6,217	-	6,217
Insurance	-	330	330
Office Supplies and Expense	-	7,136	7,136
Other	-	196	882
Professional Fees	3,500	2,005	5,505
Rent	-	2,400	3,000
Salaries	6,252	38,507	44,759
Supplies	16,411	5,837	30,029
Taxes - Payroll	1,426	4,290	5,716
Telephone Expense	-	2,469	2,469
Transportation	-	-	-
Travel Expense	15,851	2,933	18,784
	<u>\$ 298,764</u>	<u>\$ 91,573</u>	<u>\$ 432,903</u>

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

HAMPCO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

Operating Activities	
Change in Net Assets	\$ (15,684)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,217
(Increase) Decrease in Accounts Receivable	(14,969)
Increase (Decrease) in Accounts Payable	(3,743)
Increase (Decrease) in Accrued Payroll	13,580
Net Cash Provided By (Used In) Operating Activities	(14,599)
Investing Activities	-
Financing Activities	-
Net Increase in Cash and Cash Equivalents	(14,599)
Cash and Cash Equivalents at Beginning of Year	70,264
Cash and Cash Equivalents at End of Year	\$ 55,665

Disclosure of Accounting Policy

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

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

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Hampco, Inc. (the "Organization") was established to provide funding for and to oversee the administration of programs which are designed to reduce healthcare inadequacies, enhance basic life skills, provide nutritional resources and training to those in need, enable the educationally challenged, up-grade low level labor skills, reduce unemployment, and empower disadvantaged charities, individuals, communities, and the homeless. The Organization, which was founded in 1997, operates primarily within the boundaries of Ouachita Parish District - 17.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

FINANCIAL STATEMENT PRESENTATION

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*, 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. These three classes of net assets are described as follows:

Unrestricted Net Assets - consists of public support and program revenues which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and which are satisfied either by the passage of time or by actions of the organization.

Permanently Restricted Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the organization to expend all or part of the income derived from the donated assets.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERVASIVENESS OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUPPORT AND REVENUE RESTRICTIONS

The Organization reports support and revenue that is restricted by the donor as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the restriction expires, that is, when a stipulated time restriction ends or purpose 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.

ADVERTISING

Advertising costs are expensed as such costs are incurred.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 2 – REVENUE AND SUPPORT

The Organization's primary source of support and revenue for the programs and the administration of the Organization are through cooperative endeavor agreements with the Louisiana Governor's Office of Urban Affairs and Development (Urban Affairs and Development). During the year ended June 30, 2004, the Organization primarily operated under the following cooperative endeavor agreement with Urban Affairs and Development:

- Contract Period: July 1, 2003 – June 30, 2004 :

Agreement Amount	\$227,000
Amount Received as of June 30, 2004	\$227,000
Amount Obligated but not Expended as of June 30, 2004	\$ 6,097

During the year ended June 30, 2004, the Organization completed the programs under its cooperative endeavor agreement for the year ended June 30, 2003.

The funds received under the cooperative endeavor agreement with Urban Affairs and Development are recorded as temporarily restricted net assets since such funds are restricted as to their use. The funds are reclassified to unrestricted net assets as the funds are expended in accordance with the Organization's budget (including subsequent budget modifications) as submitted to and approved by Urban Affairs and Development.

NOTE 2 – REVENUE AND SUPPORT

Also, during the year ended June 30, 2004, the Organization entered into a cooperative endeavor agreement with the State of Louisiana, Department of Education (DOE) for the operation of DOE's TANF After School Program. The Organization refers to this program as TANF.

- Contract Period: September 1, 2003 – August 31, 2004:

Agreement Amount	\$290,000
Amount Received as of June 30, 2004	\$147,853
Amount Expended, but not received as of June 30, 2004	\$ 65,530

The funds under the cooperative endeavor agreement with the Department of Education are requested on a monthly basis. Monthly reports of contact hours are submitted to the State of Louisiana Department of Education periodically as programs are performed in accordance with the Organization's budget (including subsequent budget modifications). The maximum contract amount is \$290,000 budgeted for September 1, 2003 to August 31, 2004 .

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 3 - PROGRAM EXPENDITURES

The Organization oversees the operation of several programs designed to enhance the quality of life in Ouachita Parish District - 17. Also, the Organization is a grantor of funds to organizations that provide services and programs consistent with the objectives of the Organization.

The programs operated by the Organization are described as follows:

COM-PUT-R - The program is designed to make computer resources available to students of all ages and to train students in the use of computers.

Project Care - Two programs which provide food for individuals who are homeless, neglected, or destitute, and for the elderly.

Project Drive - Programs placed under project drive are designed to improve the quality of life of all age groups through programs which provide the following: public and social etiquette training, daily academics tutoring, leadership training, academic scholarships, awareness of public services, and technical skills training.

TANF - A youth program designed to facilitate structural study sessions for students to assist youth with areas of academic weakness and to help them improve study skills. Qualified instructors provide instruction in the subjects of English, Mathematics, and Science, as well as, on test-taking skills.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2004, temporarily restricted net assets are available for the administration and the operation of the Organization's programs, as well as, for program grants to other organizations.

NOTE 5 - DONATED USE OF EQUIPMENT

In accordance with the terms of the cooperative endeavor agreements, equipment purchased with funds from such agreements becomes the property of the State of Louisiana upon completion of the agreements. Under the prior cooperative endeavor agreements, the Organization has purchased computers and related equipment, sewing machines, quilting machines, kilns, and educational equipment for use in various programs, as well as office equipment. The Organization continues to use such equipment at no cost. Management of the Organization has determined that the value for the use of the equipment for the year ended June 30, 2004, was \$1,837.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 6 - LEASES

In 1998, the Organization entered into a month-to-month lease agreement with Hunter, Blue, & Johnson, Attorneys-at-Law. In accordance with the terms of the lease agreement, the law firm leases office space, including utilities, other office facilities, and office equipment to the Organization for \$200 per month. Louisiana State Representative Willie Hunter, Jr. (Ouachita Parish District - 17) is a co-owner of Hunter, Blue, & Johnson, Attorneys-At-Law. The total amount paid under this lease during the year ended June 30, 2004, was \$2,400.

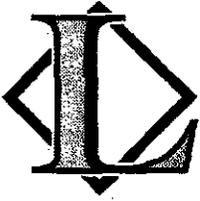
NOTE 7 - COMMITMENTS

The cooperative endeavor agreements with Urban Affairs and Development and the Department of Social Services require that the Organization expend the funds it receives under such agreements in accordance with budgets (including subsequent budget modifications) approved by these agencies. Failure to expend the funds in accordance with such budgets and budget modifications may result in the repayment of such amounts to Urban Affairs and Development or the Department of Social Services.

NOTE 8 - CONCENTRATIONS

The Organization receives its primary source of support and revenue through cooperative endeavor agreements with the Louisiana Governor's Office of Urban Affairs and Development. Such cooperative endeavor agreements are awarded on an annual basis. Subsequent to June 30, 2004, the Organization submitted an application to Urban Affairs and Development for funding for the year ending June 30, 2005. Urban Affairs and Development approved funding in the amount of \$210,000 for the year ending June 30, 2005.

OTHER INDEPENDENT AUDITORS' REPORT



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Compliance and
Internal Control Over Financial Reporting Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To Board of Directors
Hampco, Inc.
Monroe, Louisiana

We have audited the basic financial statements of Hampco, Inc. as of and for the year ended June 30, 2004, and have issued our report thereon dated October 25, 2004. We conducted our audit in accordance with U.S. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hampco, Inc'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 not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation 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 over financial reporting that, in our judgment, could adversely affect the Hampco, Inc's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 04-F1.

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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. Findings 04-F1 included in the accompanying Schedule of Findings and Questioned Costs are deemed to be material weaknesses.

Hampco, Inc.
Monroe, Louisiana
Independent Auditors' Report on Compliance
And Internal Control Over Financial Reporting, etc.
June 30, 2004

Compliance

As part of obtaining reasonable assurance about whether the Hampco, Inc's basic financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. However, the results of our tests disclosed immaterial instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*, which are in the accompanying Schedule of Findings and Questioned Costs as items 04-F1.

This report is intended solely for the information and use of the Board of Directors, and management of the Hampco, Inc, oversight agencies and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little + Associates, LLC

Monroe, Louisiana
October 25, 2004

SUPPLEMENTARY INFORMATION

HAMPCO, INC.
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Hampco, Inc.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit Performed in Accordance With *Government Auditing Standards*.
3. One instances of noncompliance material to the financial statements of Hampco, Inc. was disclosed during the audit.

Audit of Federal Awards

None

HAMPCO, INC.
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

04-F1 – Reimbursement Requests not in Agreement with Supporting Documentation

Condition and Criteria: For the TANF program, we noted instances where the student sign in sheet used to document attendance in the program did not agree to the forms submitted for reimbursement.

Effect: Because the income for the TANF program is calculated based on contact hours, inadequately reconciling those documents could cause the request for reimbursement of contact hours to be incorrectly calculated and paid.

Cause: The student sign in sheets were not properly reconciled with the reimbursement request forms before they were submitted for reimbursement.

Auditor's Recommendation: Procedures should be established to ensure that submissions for reimbursement are accurate.

Auditor's Comments: This finding was a reportable finding in the financial report as of and for the year ended June 30, 2003.

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

None

HAMPCO, INC.
Monroe, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2004

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
THE FINANCIAL STATEMENTS**

03-F1 – Reimbursement Requests not in Agreement with Supporting Documentation

Condition and Criteria: For the TANF program, we noted instances where the student sign in sheet used to document attendance in the program did not agree to the forms submitted for reimbursement.

Status: Unresolved. See finding 04-F1.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

There were no prior year findings.

SECTION III - MANAGEMENT LETTER

There were no prior year findings.

HAMPCO, INC.
Monroe, Louisiana

Corrective Action Plan
For the Year Ended June 30, 2004

Our corrective action plan is as follows:

Finding 04-F1

Condition Found: The student sign in sheet used to document attendance in the program did not agree to the forms submitted for reimbursement.

Corrective Action Planned: Hampco, Inc will review their control procedures with the employees who conduct the TANF program. Hampco, Inc. then will periodically perform an internal audit of the controls to see if they are being adhered to.

Person Responsible for Corrective Action:

Ms. Betty Broussard, Executive Director
Hampco, Inc.
901 St. John Street
Monroe, Louisiana 71210
Telephone: (318) 361-2050
Fax: (318) 362-4133

HAMPCO, INC.

SUPPLEMENTAL SCHEDULE OF GRANT PROGRAMS

JUNE 30, 2004

Grant Programs

ABJ Ministries	\$	7,000
Academic Bowl		20,251
Benoit Recreation Center		2,979
Caroll High School Band		2,000
Christian Community Outreach		500
Community Outreach of Ouachita		1,667
Del Teen		1,000
Dream Team Mentor		730
Emily P. Robinson Recreation Center		2,000
Marble Recreation Center		2,868
Ouachita Valley Boys & Girls Club		7,000
Parkview Outreach		3,333
Powell Recreation Center		2,000
Richwood High School		5,250
Scholarship		2,000
SCORE, Inc.		18,000
Sickle Cell		6,030
Tri-District Boys Club		5,000
Top Gun		5,000
Top Teens of Distinction		4,000
Twin City Athletic Association		4,000
Wossman High School Band		<u>1,000</u>
Total Grant Programs	\$	<u><u>103,608</u></u>