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

**Financial Report**  
**June 30, 2000**

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

Release Date 8/31/01

Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana  
June 30, 2003

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**THELMA L. PHILLIPS**

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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, 2003, 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, 2003, 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 February 28, 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* 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.



Chilpan, Louisiana

February 28, 2004

Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana

Statement of Financial Position  
June 30, 2003

ASSETS

Current Assets

Cash	\$	18,804
Receivables		275,262
Prepaid expenses		<u>6,266</u>

Total Current Assets 292,332

Equipment and Leasehold Improvements 26,033

Other Assets

Deposits		<u>870</u>
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TOTAL ASSETS \$ 319,235

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$	<u>121,321</u>
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Total Current Liabilities 121,321

Net Assets

Unrestricted		197,913
Temporarily Restricted		<u>-</u>

Total Net Assets 197,913

TOTAL LIABILITIES AND NET ASSETS \$ 319,235

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, 2003**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support</b>			
Governmental Grants	\$ -	\$ 971,905	\$ 971,905
Contributions	-	2,400	2,400
<b>Total public support</b>	<u>-</u>	<u>974,305</u>	<u>974,305</u>
<b>Revenue</b>			
Interest income	189	-	189
Other	-	-	-
<b>Total revenue</b>	<u>189</u>	<u>-</u>	<u>189</u>
<b>Net assets released from restrictions</b>			
Restrictions satisfied by payments	<u>974,308</u>	<u>(974,308)</u>	<u>-</u>
<b>Total support, revenue, and reclassifications</b>	<u>974,497</u>	<u>-</u>	<u>974,497</u>
<b>Expenses</b>			
<b>Program services</b>			
Cultural Endowment -			
Remuneration	181,500	-	181,500
Summer Food Service	4,163	-	4,163
TANF Program	487,198	-	487,198
Medicaid Assistance Program	178,237	-	178,237
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total program services</b>	<u>751,298</u>	<u>-</u>	<u>751,298</u>
<b>Supporting services</b>			
Management and General	<u>158,188</u>	<u>-</u>	<u>158,188</u>
<b>Total expenses</b>	<u>909,486</u>	<u>-</u>	<u>909,486</u>
<b>Change in net assets</b>	<u>65,011</u>	<u>-</u>	<u>65,011</u>
<b>Net assets, beginning of year</b>	<u>116,999</u>	<u>-</u>	<u>116,999</u>
<b>Net assets, end of year</b>	<u>\$ 182,010</u>	<u>\$ -</u>	<u>\$ 182,010</u>

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

Badging House, Inc. of Louisiana  
 Lafayette, Louisiana

Statement of Functional Expenses  
 For the year ended June 30, 2003

Description	Programs/Service				Supporting Service Management and General	Total
	Summer Food Service	RSK	SNF	MAF		
Salaries	\$ 75,800	\$ 1,811	\$ 4,574	\$ 9,000	\$ 90,185	\$ 174,290
Payroll taxes	12,759	302	7,076	660	8,737	29,434
Employee benefits	-	-	-	-	-	-
Professional/consultant services	-	-	-	-	-	-
Travel expenses	66	541,745	54,900	40,000	646,611	14,000
Travel	11,242	-	12,327	4,258	27,827	11,000
Insurance	521,179	595	559	1,943	1,085	12,000
Rent	-	6,100	400	8,400	5,000	14,000
Utilities	-	1,812	30	2,738	4,680	6,000
Telephone	-	1,500	216	2,807	7,497	14,700
Repairs & maintenance	-	400	200	1,211	1,417	3,000
Office supplies	120	44,005	1,475	2,500	1,600	11,700
Supplies	-	-	-	-	-	-
Conferences, conventions, seminars	-	21,300	1,600	-	500	14,000
Awards and Grants expense	-	-	-	-	43,843	43,843
Printing	-	179	150	2,200	420	3,000
Advertising	-	-	-	-	-	-
Warranty	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	1,200	-	-	-	-	1,200
Total	90,861	4,201	66,818	48,790	160,669	364,279
Total expenses/other depositions	-	-	-	-	153,941	153,941
Depreciation of buildings, equipment and furnishings/improvements	-	1,800	1,000	847	4,871	8,000
Total Expenses	\$ 90,861	\$ 6,001	\$ 68,818	\$ 49,637	\$ 175,511	\$ 372,279

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, 2003

Cash flows from operating activities	
Change in net assets	\$ 80,938
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,008
(Increase) decrease in receivables	(196,000)
(Increase) decrease in prepaid expenses	(3,700)
(Increase) decrease in deposits	3,808
Increase (decrease) in accounts payable and accrued expenses	<u>(7,648)</u>
Net cash provided (used) by operating activities	<u>(72,800)</u>
Cash flows from investing activities	
Purchase of Equipment	<u>(5,000)</u>
Net cash used by investing activities	<u>(5,000)</u>
Cash flows from financing activities	
Short-term borrowings	.
Repayment of short-term borrowings	<u>.</u>
Net cash used by financing activities	<u>.</u>
Net increase (decrease) in cash and cash equivalents	(77,800)
Cash and cash equivalents, beginning of year	<u>35,811</u>
Cash and cash equivalents, end of year	<u>\$ 10,804</u>
Supplemental Data:	
Interest paid	<u>\$ .</u>

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, 2013**

**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, 1993. The organization was formed to engage in activities that promote health, social, educational, recreational, 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 Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**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 these items in excess of \$250.

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

**Notes to the Financial Statements (Continued)**  
**June 30, 2003**

Depreciation of equipment and household 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
Household 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 it 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, 2002 through June 30, 2003.

**H. Vacation and Sick Leave**

Accrued vacation and sick leave must be used by June 30<sup>th</sup> 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, 2003.

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

**Notes to the Financial Statements (Continued)**  
**June 30, 2003**

**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, 2003.

**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, 2003:

Louisiana Department of Education	\$ 100,597
Governor's Office of Urban Affairs & Development	39,828
Louisiana Department of Health and Hospitals	143,146
Louisiana Department of Labor	400
Louisiana Worker's Compensation Corporation	299
	<hr/>
	<b>\$ 275,269</b>

Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana

Notes to the Financial Statements (Continued)  
June 30, 2003

**NOTE 4 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

At June 30, 2003, equipment and leasehold improvements were composed of the following:

Computer equipment	\$	28,216
Office furniture and equipment		18,158
Machinery and equipment		38,415
Leasehold improvements		1,627
Subtotal		<u>76,416</u>
Less: Accumulated depreciation		50,360
Equipment and leasehold improvements, net	\$	<u>26,056</u>

**NOTE 5 - PREPAID EXPENSES**

Prepaid expenses at June 30, 2003 consist of the following:

Insurance	\$	3,934
Maintenance		1,131
DOG-TANF Program Fieldtrips		1,199
	\$	<u>6,264</u>

**NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following at June 30, 2003:

Trade accounts payable	\$	84,042
Compensation and related expenses		12,378
Grants payable		34,801
	\$	<u>121,221</u>

Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana

Notes to the Financial Statements (Continued)  
June 30, 2003

**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 \$ 190,820

Louisiana Department of Education

Summer Food Service Program 4,751

Temporary Assistance for Needy Families Program 391,186

Louisiana Department of Social Services

Temporary Assistance for Needy Families Program 45,158

Louisiana Department of Health and Hospitals

189,953

Miscellaneous Contributions

2,400

Total net assets released from restrictions:

\$ 974,368

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

**Notes to the Financial Statements (Continued)**  
**June 30, 2003**

**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, 2002 through June 30, 2003:

Funding Source	Grant/Contract Period	Total Grant Contract	Support Recognized
Governor's Office of Urban Affairs and Development	07/01/02 - 06/30/03	\$ 273,000	\$ 130,820
State Department of Education	06/03/02 - 07/26/02	Cost Reimbursement for Meals	4,560
State Department of Education	10/01/01 - 09/30/02	\$ 384,800	\$ 90,215
	08/15/02 - 08/31/03	\$ 480,800	\$ 398,911
State Department of Social Services	10/01/01 - 09/30/02	\$ 280,800	\$ 45,188
State Department of Health and Hospitals	03/01/03 - 06/30/03	\$ 280,800	\$ 198,953
			<u>\$ 971,988</u>

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

**NOTE 9 - AWARDS AND GRANTS EXPENSE**

At June 30, 2003, awards and grants were made to the following:

Local nonprofit organizations	\$ 43,210
Assistance to individuals	2,652
	<u>\$ 45,862</u>

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

**Notes to the Financial Statements (Continued)**  
**June 30, 2003**

**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.

At June 30, 2003, 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. The manner in which \$125,455 of those funds was claimed may have violated the provisions of the grant agreement. The possible outcome of this matter, which has been reported to appropriate grant officials, is uncertain at this time. Accordingly, no provision for any liability has been made in the accompanying financial statements for possible grantor claims for refund of those grant funds.

**NOTE 11 - SUBSEQUENT EVENTS**

***Line of Credit***

Subsequent to June 30, 2003, 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 1<sup>st</sup> day of each month at the rate of 4.250% plus prime to be applied to the unpaid principal balance. Presently, there were no outstanding advances under this arrangement.

***Litigation***

A former employee has filed suit in the 15th Judicial District Court of Lafayette Parish alleging wrongful termination from the organization. However, management of the organization plans to vigorously defend the case. The case was set for jury trial, but was continued at the request of plaintiff's counsel. While the outcome cannot be predicted at this time, 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.

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

**Notes to the Financial Statements (Continued)**  
**June 30, 2003**

**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, Social Services, 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, 2003**

Federal Grants/Pass-through Grants/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Modifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Pass-through from State Department of Education - Temporary Assistance for Needy Families	93.158	CFM03 0070001 and 0190002	409,680
Pass-through from State Department of Social Services - Temporary Assistance for Needy Families	93.158	CFM03 006000	<u>46,788</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>456,468</u>
<b>U.S. Department of Agriculture:</b>			
Pass-through from State Department of Education - Child Nutrition Cluster Summer Food Service Program for Children	10.550	00-0010-001	<u>4,363</u>
<b>Total U.S. Department of Agriculture:</b>			<u>4,363</u>
<b>Total expenditures of federal awards</b>			<u>460,831</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, 2003**

**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 preparation of, the basic financial statements.

Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana

Summary Schedule of Prior Audit Findings  
For the year ended June 30, 2003

FINDINGS-FINANCIAL STATEMENTS AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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 150 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 is in the process of establishing procedures for accruing expenses and paying invoices when funds are available. The current audit included a similar finding.

2002-02 Payroll

**Condition:** There were two instances of charges to the program totaling \$853 for payroll cost that were not adequately supported by time and attendance records for work performed by one employee. Subsequent payments of \$2,500 were made to this same individual as an independent consultant and were improperly charged to salary expense. These additional payments were not supported by proper documentation such as an invoice or written contractual agreement.

**Recommendation:** Payroll costs should be properly supported with time and attendance records. In the same way, charges for consulting services should be supported by a contract and the consultant should be required to submit an invoice for services rendered. In addition, workers should be properly classified as an employee or independent contractor.

**Current Status:** Corrective action was taken.

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

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

**Summary Schedule of Prior Audit Findings  
For the year ended June 30, 2003**

grant agreements that could have a direct and material effect on its federal programs.

**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. The current audit included a similar finding.

**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, reimbursements/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 \$16,696 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 year-end.

**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.

**Current Status:** The current audit included a similar finding.

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

**Summary Schedule of Prior Audit Findings**  
**For the year ended June 30, 2003**

**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:** Report was submitted for fiscal year ended June 30, 2002. However, the corrective action plan was not submitted within the required timeframe as a result of management oversight. The current audit included a similar finding. The Organization plans to implement 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, \$28,769 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 reconstruction of claims and the underlying source documentation prior to filing claims for reimbursement.

**Current Status:** The Organization is in the process of implementing 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 102 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.

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

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

**Summary Schedule of Prior Audit Findings**  
**For the year ended June 30, 2003**

**2002-09 Inefficient 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 check with the improper number of authorized signatures upon presentation.

**Current Status:** Canceled checks will be retrieved for proper number of signatures and corrected accordingly. The current audit included a similar finding.

**FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Temporary Assistance for Needy Families-CFDA No. 85-588; 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.

2002-11 The discussion for finding 2002-02 also applies to this finding.

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, 2003

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Helping Hands, Inc. of Lafayette.
2. Five reportable conditions disclosed during the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs. Two of the conditions are reported as material weaknesses.
3. Three instances of noncompliance material to the financial statements of Helping Hands, Inc. of Lafayette were disclosed during the audit.
4. Five reportable conditions disclosed during the audit of internal control over major federal award programs are reported in the Schedule of Findings and Questioned Costs. Two of the conditions are reported as material weaknesses.
5. The auditor's report on compliance for the major federal award programs for Helping Hands, Inc. of Lafayette expresses an adverse opinion on the major federal program.
6. Audit findings relative to the major federal award programs for Helping Hands, Inc. of Lafayette are 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 \$380,000.
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, 2003

FINDINGS-FINANCIAL STATEMENTS-AUDIT

REPORTABLE CONDITIONS

2003-01 Cash

**Condition:** Cash audit procedures disclosed that checks were written and held for inordinate periods of time. There were numerous instances of checks drawn on the Departments of Education and Social Services bank accounts that had been outstanding for very long periods. It appears that on a monthly basis, checks were routinely clearing the bank in an average of 30 days or more. However, there were several instances of 60 days or more.

**Criteria:** A good system of internal control includes procedures to ensure that transactions are properly recorded and accounted for to permit preparation of reliable financial statements and federal reports.

**Cause and effect:** It appears that the Organization did not have sufficient financial resources to maintain federal program operations until reimbursement was obtained from the grantor agencies. It appears that checks were prepared and then held for mailing at a later date. As a result of this practice, components of the financial statements were materially misstated during the interim period and material audit adjustments were made at fiscal year end to retain cash, accounts payable and expenses.

**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.

**Management Comment:** Checks were issued to record expenses and then held until the funds were received from the Departments of Education and Social Services. However, the Organization is in the process of establishing 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.

**Criteria:** Federal regulations require program to be charged on the basis of actual costs rather than based on budgeted or projected amounts.

**Cause and effect:** This condition was a result of inadequate controls. The program may not be charged in accordance with the relative benefits received if budgeted costs or projected amounts are the basis for

Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana

Schedule of Findings and Questioned Costs  
For the year ended June 30, 2003

charges.

**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 programs. Payroll time should be tracked by program and charged appropriately.

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

2003-03 Interfund loans

**Condition:** Condition: There were indications during test of cash that the Organization financed its operations through 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 the program operations as well. However, reimbursement/repayment in some instances were made in more than 90 days. Interfund receivables and payables were not recorded in the financial records, whereas the cash transfers were recorded. At fiscal year end, the Department of Education was liable to the State grantor agency in the amount of \$10,749 for administrative cost for the months of May 2003 and June 2003. Reimbursement was made subsequent to year-end. However, the Department of Social Services over paid a short-term loan from the State grantor agency by \$500 in December 2002. Reimbursement has not been made to the Department of Social Services as of the audit report date.

**Criteria:** Federal program regulations do not permit the use of funds for unauthorized purposes. Funds should be used in accordance with regulations, cooperative agreements, and approved program budget.

**Cause and effect:** It appears that the Organization did not have sufficient financial resources to maintain federal program operations until reimbursement was obtained from the grantor agencies. Consequently, the Organization made unauthorized short-term loans between programs and improperly recorded the transactions resulting in components of the financial statements being materially misstated during the interim period.

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

**Management Comment:** Management does not agree that the Organization did not have sufficient resources to maintain program operations. However, Management stated that reimbursement was delayed due to a small administrative staff.

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

**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2005**

**2003-04 Noncompliance with reporting requirement**

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

**Criteria:** Federal and state regulations require the auditee to complete and submit its audit report within six months of the close of its reporting period.

**Cause and effect:** The Organization submitted supporting source documents required to perform audit procedures as late as December 31, 2003, the date the audit report was due. Other information needed to conduct the audit was received subsequent to the original due date of the audit report. As a result, the Organization was not in compliance with reporting requirements.

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

**Management Comment:** Management concurs with recommendation and plans to make 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.

**Criteria:** The Organization's control policy requires two authorized signatures on all checks.

**Cause and effect:** Due to inadequate controls over check signing, checks were issued without the required number of authorized signatures and paid by the bank upon presentation. Without proper signatures, cash could be misappropriated and used for unauthorized purposes.

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

**Management Comment:** Management indicated some checks did not receive the proper number of signatures due to oversight. Management plans to exercise more caution in the future. Canceled checks will be reviewed for proper number of signatures and corrected accordingly.

Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana

Schedule of Findings and Questioned Costs  
For the year ended June 30, 2003

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

**2003-06** Temporary Assistance for Needy Families-CFDA No. 93.558; Grants No. CFMS 376375/994002 and CFMS No. 376365; Grant Period-Year ended June 30, 2003

**Reportable Condition:** As discussed at Finding 2003-01, checks were written and held for inordinate periods of time. Consequently, the financial statements were materially misstated during the interim and material audit adjustments were required to correct account balances. Checks should not be prepared until the disbursement is ready to be made.

**2003-07** Temporary Assistance for Needy Families-CFDA No. 93.558; Grants No. CFMS 376375/994002 and CFMS No. 376365; Grant Period-Year ended June 30, 2002

**Reportable Condition:** As discussed at Finding 2003-02, payroll was charged to the program on the basis of budgeted amounts rather than actual costs. This condition was a result of inadequate controls. Payroll time should be tracked by program and charged accordingly.

**2003-08** Temporary Assistance for Needy Families-CFDA No. 93.558; Grants No. CFMS 376375/994002 and CFMS No. 376365; Grant Period-Year ended June 30, 2002

**Reportable Condition:** As discussed at Finding 2003-03, the Organization financed its operations through 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. Organization would transfer cash between grantor agency bank accounts to finance other aspects of the program operations as well. However, reimbursements/repayment in some instances were made in more than 90 days. Interfund receivables and payables were not recorded in the financial records, whereas the cash transfers were recorded. As a result, the Department of Social Services was paid a short-term loan from the State grantor agency by \$908. Reimbursement has not been made to the Department of Social Services as of the audit report date. At fiscal year end, the Department of Education was liable to the State grantor agency in the amount of \$18,749 for administrative cost for the months of May 2003 and June 2003. However, this reimbursement was made subsequent to year-end. Practice of making unauthorized interfund loans should be discontinued effective immediately and reimbursement should be made in a timely manner.

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

**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2003**

**2003-09 Temporary Assistance for Needy Families-CPDA No. 93-588; Grants No. CPMS 5785753903M2 and CPMS No. 578565; Grant Period-Year ended June 30, 2002**

**Reportable Condition:** As discussed at Finding 2003-04, the Organization did not comply with federal and state laws regarding audit report completion and submission. Information needed to perform audit procedures was submitted as late as December 31, 2003, the date the audit report was due. Other information needed to conduct the audit was received subsequent to the original due date of the audit report. Management should provide information to auditors in a timely fashion in order to meet reporting requirements. In addition, the Organization did not submit its corrective action plan in response to findings and questioned costs for fiscal year ended June 30, 2002 audit as required by regulations.

**2003-10 Temporary Assistance for Needy Families-CPDA No. 93-588; Grants No. CPMS 5785753903M2 and CPMS No. 578565; Grant Period-Year ended June 30, 2002**

**Reportable Condition:** As discussed at Finding 2003-05, there were several instances where checks were issued without the proper number of authorized signatures due to inadequate controls over check signing. The executive director's was the only authorized signature. Proper number of authorized signatures should be obtained on all checks before releasing for disbursement to minimize the possibility of undetected error and misappropriation of cash.

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

**Schedule of Noncompliance and Reportable Conditions**  
**For the year ended June 30, 2003**

**Reportable condition #1993-1; Unresolved Prior Year Reportable Condition #2003-1 Unauthorized transfer of cash**

**Condition:** Transfers in the amount of \$16,188 to the Department of Social Services and \$3,000 to the Department of Education bank accounts were made without obtaining approval from the Governor's Office of Urban Affairs and Development. Interfund receivables and payables were not recorded in the financial records, whereas the cash transfers were recorded. The check-remittance to the Department of Education was repaid in more than 30 days. However, one of the loans for \$14,188 to the Department of Social Services was paid back in more than 60 days.

**Criteria:** State regulations do not permit the use of funds for unauthorized purposes. Funds should be used in accordance with regulations, cooperative agreements, and approved program budget.

**Cause and effect:** It appears that the Organization did not have sufficient financial resources to maintain federal program operations until reimbursement was obtained from the grantor agencies. Consequently, the Organization improperly utilized funds and improperly recorded the transactions resulting in components of the financial statements being materially misstated during the interim period.

**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.

**Management Comment:** Management stated that approval would be obtained from funding sources before funds are transferred. Management further stated that the Organization does not make a practice of borrowing from other funding sources to maintain program operations.

**Reportable condition #2003-2; Unresolved Prior Year Reportable Condition #2000-2 Unauthorized use of cash**

**Condition:** Payroll for administrative staff for federal programs was paid on a biweekly basis from state funds then later reimbursed. The Organization transferred cash between grantor agency bank accounts to finance other aspects of the program operations as well. Reimbursement was not made in a timely manner. Fifty-five percent of the reimbursements were made in more than 45 days and thirty-three percent occurred in more than 60 days. Interfund receivables and payables were not recorded in the financial records.

**Criteria:** Program funds should not be used for unauthorized purposes. Funds should be used in accordance with regulations, cooperative agreements, and approved program budget.

**Cause and effect:** It appears that the Organization did not have sufficient financial resources to maintain

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

**Schedule of Noncompliance and Reportable Conditions**  
**For the year ended June 30, 2003**

Federal program operations until reimbursement was obtained from the grantor agencies. Consequently, the Organization improperly utilized funds and improperly recorded the transaction resulting in components of the financial statements being materially misstated during the interim period.

**Recommendation:** Practice of making unauthorized interfund loans should be discontinued effective immediately. Suggest establishing an interim "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.

**Management Comment:** 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**

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

**Criteria:** Federal and state regulations require the auditee to complete and submit its audit report within six months of the close of the reporting period.

**Cause and effect:** The Organization submitted supporting source documents required to perform audit procedures as late as December 31, 2003, the date the audit report was due. Other information needed to conduct the audit was received subsequent to the original due date of the audit report. As a result, the Organization was not in compliance with reporting requirements.

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

**Management Comment:** Management concurs with recommendation and plans to make 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**

**Condition:** The Organization filed a claim for reimbursement with the Department of Health and Hospitals (DHHS) in the amount of \$143,146 for MAP program cost for the month of June 2003 that may have violated provisions of the grant agreement. The Organization had not incurred cost or paid for \$123,630 of the total amount claimed. Test disclosed that two checks in the claim totaling \$117,575 were written for medical supplies and a license. These checks were held and had not been mailed to the

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

**Schedule of Noncompliance and Reportable Conditions  
For the year ended June 30, 2003**

received as of the audit report date. One check in the amount of \$6,055 was written for computer equipment and held until voided on February 20, 2004. Then the equipment was received and another check issued on that same day in the amount of \$5,519 to purchase the equipment. The grant agreement ended June 30, 2003. However, there was no evidence indicating that the Organization obtained an extension of the contract or returned these unused funds to DHH as of the audit report date.

**Cause and Effect:** This condition occurred due to inadequate controls to ensure that DHH approval was obtained to extend the contract. As a result, the grantor could disallow cost and request a refund of the amount claimed.

**Criteria:** In accordance with State regulations and the provisions of the contract, claims for reimbursement should be made for cost incurred or paid. Any unused funds should be returned to DHH within fifteen days after the contract expiration date or an extension of the contract should be requested.

**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.

**Management Comment:** Management stated that the items were not purchased immediately due to delays in construction of the pharmacy that would house its Medicine Assistance Pharmaceutical Program and believed that it was not necessary to inform the grantor of the delay because the funds would still be used for the purpose intended. Management further stated that the equipment has been purchased and intends to purchase the medicine upon completion of the pharmacy.



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

**Schedule of Prior Year Findings  
For the year ended June 30, 2003**

**Section I - Internal Control and Compliance Material to the Financial Statements**

**1997-0** 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 auditors and no management decision issued by grantor agency.

**Section II - Internal Control and Compliance Material to Federal Awards**

Refer to the Summary Schedule of Audit Findings.

**Section III - Management Letter**

**1999-2** Bank overdraft and preparing checks and then holding for later mailing

**Recommendation:** Management should closely monitor available funds before issuing checks and not issue checks until ready to disburse. Disbursements should be accrued to record unpaid invoices at fiscal year end.

**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 auditors and no management decision issued by grantor agency.

**2000-3** Sub-grantee monitoring

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

**Resolution:** Partially resolved. 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 auditor and no management decision issued by grantor agency.

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

**Schedule of Prior Year Findings**  
**For the year ended June 30, 2003**

**2000-4 Qualifying applicants for Medicine Assistance Program**

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

**Resolution:** Resolved.

**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 current year reportable condition #2005-1.

**#2003-2: 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:** Unresolved. See current year reportable condition #3003-2.

**#2003-3: 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.

**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.

**#2003-4: Non-compliance with reporting requirements**

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

**Resolution:** Unresolved. See current year reportable condition #3003-3.

## COMPLIANCE AND INTERNAL CONTROL



**THELMA L. PHILLIPS**

*Certified Public Accountant*  
P.O. Box 91473 - Lafayette, LA 70509  
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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, 2003, and have issued my report thereon dated February 28, 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 findings and questioned costs and the accompanying schedule of non-compliance and reportable conditions. However, I also noted certain immaterial instances of noncompliance, which I have reported in the accompanying schedule of non-compliance and reportable conditions.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Helping Hands, Inc. of Lafayette's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Helping Hands, Inc. of Lafayette's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

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 in the accompanying schedule of findings and questioned costs, I consider items 2003-01 and 2003-02 to be material weaknesses. I also noted other matters involving the internal control over financial reporting, which I have reported in the accompanying schedule of noncompliance and reportable conditions.

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.



Lafayette, Louisiana  
February 28, 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 programs for the year ended June 30, 2005. 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. These 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 these 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 these requirements.

As described in items 2003-06, 2003-08, and 2003-09 in the accompanying schedule of findings and questioned costs, Helping Hands, Inc. of Lafayette did not comply with requirements regarding activities allowed or unallowed, allowable cost/limit principles, and reporting that are applicable to its Temporary Assistance for Needy Families program. Compliance with such requirements is necessary, in my opinion, for Helping Hands, Inc. of Lafayette to comply with the requirements applicable to that program.

In my opinion, because of the effects of the non-compliance described in the preceding paragraph, Helping Hands, Inc. of Lafayette did not comply, in all material respects, with the requirements referred to above that are applicable to its Temporary Assistance for Needy Families program for the year ended June 30, 2003. The results of my auditing procedures also disclosed other instances of non-compliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

### 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.

I noted certain matters involving the internal control over compliance 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 compliance that, in my judgment, could adversely affect Helping Hands, Inc. of Lafayette's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

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 non-compliance 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. My consideration of the internal control over compliance 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 items 2003-01 and 2003-05 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 those specified parties.



Lafayette, Louisiana  
February 28, 2004