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

**Financial Report
June 30, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the clerk of court, parished, entitled and made available to 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: ~~FEB 17 1999~~

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

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THELMA L. PHILLIPS

Certified Public Accountant

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

INDEPENDENT AUDITOR'S REPORT

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

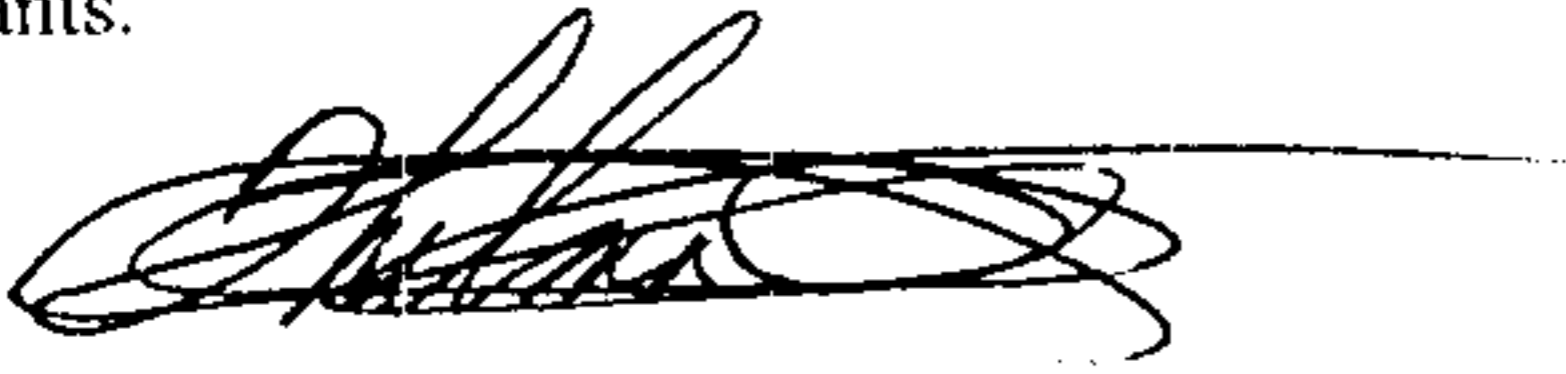
I have audited the accompanying statement of financial position of Helping Hands, Inc. of Lafayette (a nonprofit organization) as of June 30, 1998, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 provide 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, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 22, 1998 on my consideration of Helping Hands, Inc. of Lafayette's internal control over financial

reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Lafayette, Louisiana
December 22, 1998

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

**Statement of Financial Position
June 30, 1998**

ASSETS

Current Assets

Cash	\$ 6,863
Receivables	4,453
Prepaid expenses	<u>12,811</u>

Total Current Assets 24,127

Furniture and Equipment 10,323

Other Assets

Deposits	<u>295</u>
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TOTAL ASSETS \$ 34,745

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	<u>\$ 8,195</u>
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Total Current Liabilities 8,195

Net Assets

Unrestricted	26,450
Temporarily Restricted	<u>100</u>

Total Net Assets 26,550

TOTAL LIABILITIES AND NET ASSETS \$ 34,745

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, 1998**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support:			
Governmental Grants	\$ -	\$ 297,400	\$ 297,400
Contributions in kind	8,778	-	8,778
Total public support	<u>8,778</u>	<u>297,400</u>	<u>306,178</u>
Revenue			
Interest income	198	-	198
Donations	295	-	295
Other	133	-	133
Total revenue	<u>626</u>	<u>-</u>	<u>626</u>
Net assets released from restrictions			
Restrictions satisfied by payments	298,147	(298,147)	-
Total support, revenue, and reclassifications	<u>307,551</u>	<u>(747)</u>	<u>306,804</u>
Expenses			
Program services:			
Cultural Enrichment -			
Homemakers	174,865	-	174,865
Summer Food Service	8,303	-	8,303
Multi-Training Center	19,415	-	19,415
Total program services	<u>202,583</u>	<u>-</u>	<u>202,583</u>
Supporting services:			
Management and General	102,184	-	102,184
Total expenses	<u>304,767</u>	<u>-</u>	<u>304,767</u>
Change in net assets	2,784	(747)	2,037
Net assets, beginning of year, as previously reported	23,254	-	23,254
Prior period adjustment (Note 8)	412	847	1,259
Net assets, beginning of year, as restated	<u>23,666</u>	<u>847</u>	<u>24,513</u>
Net assets, end of year	<u>\$ 26,450</u>	<u>\$ 100</u>	<u>\$ 26,550</u>

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, 1998**

Cash flows from operating activities

Change in net assets \$ 2,037

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

Depreciation	4,743
(Increase) decrease in receivables	1,252
(Increase) decrease in prepaid expenses	(3,785)
(Increase) decrease in deposits	-
Increase (decrease) in accounts payable and accrued expenses	<u>(3,425)</u>

Net cash used by operating activities (1,215)

Cash flows from investing activities

Purchase of Equipment (6,697)

Net cash used by investing activities (6,697)

Net decrease in cash and cash equivalents (5,875)

Cash and cash equivalents, beginning of year 12,738

Cash and cash equivalents, end of year \$ 6,863

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, 1998**

	Program Services - Cultural Enrichment			Supporting Services	Total
	Homemakers	Summer Food Service	Multi-Training Center	Management and General	
Salaries	\$ 136,334	\$ 2,291	\$ -	\$ 52,874	\$ 191,499
Payroll taxes	14,302	185	-	4,834	19,321
Employee benefits	402	-	-	-	402
Professional fees and contract services	-	-	-	-	-
	-	305	2,623	9,423	12,351
In-kind expenses	778	-	8,000	-	8,778
Travel	12,053	152	-	3,587	15,792
Insurance	9,962	9	364	11,362	21,697
Rent	-	-	4,800	4,500	9,300
Utilities	-	-	1,461	1,405	2,866
Telephone	-	-	1,618	4,922	6,540
Repair & Maintenance	341	-	188	-	529
Office expense	-	12	-	1,069	1,081
Supplies	613	88	206	2,819	3,726
Conferences, conventions, meetings	-	-	-	-	-
	-	-	-	367	367
Other	80	36	78	356	550
Food	-	5,190	-	-	5,190
Nonfood supplies	-	35	-	-	35
Total expenses before depreciation	174,865	8,303	19,338	97,518	300,024
Depreciation of furniture and equipment	-	-	77	4,666	4,743
Total Expenses	\$ 174,865	\$ 8,303	\$ 19,415	\$ 102,184	\$ 304,767

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, 1998**

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. Furniture and Equipment

Donated equipment is recorded at fair market value at the date of the donation. Purchased furniture and equipment 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, 1998**

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

Furniture and equipment	5 years
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F. Donated Services and Material

Significant services have been donated to the Organization by various volunteers. Donated services were recorded at minimum wage rates at the date of donation, and have been included in revenue and expenses in the accompanying financial statements. In addition, donated materials are stated at their estimated fair value on the date donated. Estimated amounts of donated materials were immaterial in relation to total expenses.

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, 1997 through June 30, 1998.

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, 1998.

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

**Notes to the Financial Statements (Continued)
June 30, 1998**

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, 1998.

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, 1998:

Louisiana Department of Education - Food Reimbursement	\$ 2,081
Internal Revenue Service - 940 Tax Refund	\$2,372
	<hr/>
	\$4,453
	<hr/>

NOTE 4 - FURNITURE AND EQUIPMENT

At June 30, 1998, furniture and equipment was composed of the following:

Computer Equipment	\$ 10,095
Office Furniture and Equipment	9,835
Machinery and Equipment	12,077
	<hr/>
	32,007
Less: Accumulated Depreciation	21,684
	<hr/>
Furniture and Equipment, Net	\$ 10,323
	<hr/>

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

**Notes to the Financial Statements (Continued)
June 30, 1998**

NOTE 5 - PREPAID EXPENSES

Prepaid expenses at June 30, 1998 consist of the following:

Insurance	
General Liability	\$ 1,940
Workers' Compensation	4,141
Rent	3,050
Telephone	2,946
Utilities	363
Other	371
	<u>\$ 12,811</u>

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 1998:

Trade Accounts Payable	\$ 5,444
Compensation and related expenses	1,951
Louisiana Governor's Office of Urban Affairs and Development	800
	<u>\$ 8,195</u>

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

**Notes to the Financial Statements (Continued)
June 30, 1998**

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$100 at June 30, 1998 are available for qualifying expenses for the period of July 1, 1998 through June 30, 1999.

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 \$ 279,100

Multi-Training Center 10,000

Louisiana Department of Education

Summer Food Service 8,200

Lafayette Consolidated Government

Homemakers 847

Total net assets released from restrictions \$ 298,147

NOTE 8 - PRIOR PERIOD ADJUSTMENT

Errors resulting in an understatement of accounts receivable of \$3,267 and an overstatement of unrestricted support of \$2,855 and an understatement of temporarily restricted support of \$847 at June 30, 1997 were disclosed during the current audit period. Accordingly, an adjustment in the amount of (\$1,259) was made to properly restate net assets at the beginning of the audit period.

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

**Notes to the Financial Statements (Continued)
June 30, 1998**

NOTE 9 - SUMMARY OF GRANTS/CONTRACTS

Helping Hands, Inc. of Lafayette was primarily funded through the following grants and contracts for the period of July 1, 1997 through June 30, 1998:

Funding Source	Grant Contract Period	Total Grant Contract	Support Recognized
State Department of Urban Affairs and Development	07/01/97 - 06/30/98	\$290,000	\$ 289,100
State Department of Education	06/02/97 - 08/01/97 06/08/98 - 08/07/98	Cost Reimbursement for Meals	8,200
Lafayette Consolidated Government	11/01/96 - 10/31/97	\$5,000	847
			<u>\$ 298,147</u>

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

NOTE 10 - CONTINGENCIES

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

NOTE 11 - ECONOMIC DEPENDENCY

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

SUPPLEMENTARY INFORMATION

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

**Schedule of Non-compliance and Reportable Conditions
For the year ended June 30, 1998**

Reportable Condition #98-1: Inappropriate Payment of Payroll Taxes

Condition: During my test of cash disbursements, I noted that the Organization inadvertently paid federal unemployment taxes.

Cause and Effect: Management was unaware that the company was not liable for federal unemployment taxes. As a result, these taxes were paid in error. In addition, the statute of limitation has expired for filing a claim for refund of the 1994 taxes paid.

Criteria: In accordance with Internal Revenue Code section 501(c)(3), tax-exempt organizations are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Recommendation: I recommend that management expedite filing a claim for refund of the FUTA taxes paid in error for all applicable periods.

Management's Comment: Management concurs with the recommendation and plans to immediately file for refund of the FUTA taxes.

Reportable Condition #98-2: Unresolved Prior Year Management Letter Comment #1997-3

Condition: In the corrective action plan for prior year comments, Management agreed that Multi-Training Center workers would be reclassified as employees and all applicable taxes remitted. Due to lack of sufficient funding to support program operations during the period of July 1, 1997 through June 30, 1998, Multi-Training Center workers began volunteering their time to the Organization. However, wages totaling \$1,773 were paid to four volunteers and payroll taxes were not withheld.

Cause and Effect: Due to inadequate control procedures, taxes were not withheld from employees pay at the Multi-Training Center.

Criteria: In accordance with Federal and State employment tax laws, taxes are required to be withheld from employees compensation and deposited with an authorized financial institution and State tax authorities as applicable. In addition, appropriate employer payroll taxes should also be remitted.

Recommendation: I recommend that workers be appropriately classified and any payments made to workers be consistently applied and treated in accordance with the worker's classification and employment tax laws.

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

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

**Schedule of Prior Year Findings
For the year ended June 30, 1998**

Section I Internal Control and Compliance Material to the Financial Statements

1997-1 Lack of adequate separation of accounting functions

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

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

Section II Internal Control and Compliance Material to Federal Awards

None

Section III Management Letter

1997-2 Delinquent payroll taxes and payment of penalties and interest

Recommendation: Management should implement procedures to ensure timely payment of payroll taxes.

Resolution: Substantially resolved. Timely payment of payroll taxes with exception of third quarter state unemployment taxes of \$59 being paid late due to error in preparation of return resulting in total penalty and interest of \$6. No finding referenced in current year due to immateriality of amounts.

1997-3 Improper classification of workers.

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

Resolution: Partially resolved. See reportable condition #98-2.

COMPLIANCE AND INTERNAL CONTROL



THELMA L. PHILLIPS

Certified Public Accountant

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

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

I have audited the financial statements of Helping Hands, Inc. of Lafayette (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued my report thereon dated December 22, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Helping Hands, Inc. of Lafayette's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

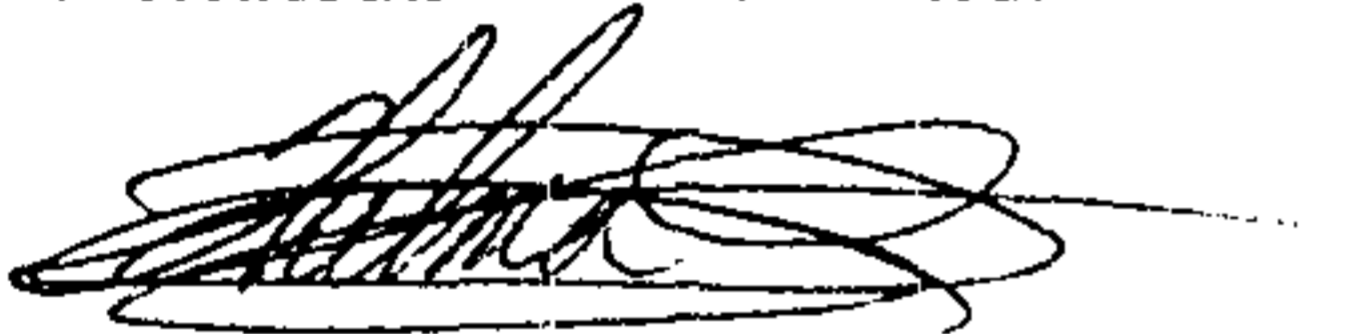
Internal Control Over Financial Reporting

In planning and performing my audit, I considered Helping Hands, Inc. of Lafayette's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting

that, in my judgment, could adversely affect Helping Hands, Inc. of Lafayette's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of non-compliance and reportable conditions.

A material weakness is a condition in which the design or operation of one or more internal control components do not reduce to relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors, management, and federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

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

Lafayette, Louisiana
December 22, 1998