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

**Financial Report  
June 30, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Council, or reviewed, 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 1-19-00

**Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana  
June 30, 1999**

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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 statements of financial position of Helping Hands, Inc. of Lafayette (a nonprofit organization) as of June 30, 1999, and the related statements of activities and cash flows and the statement of functional expenses 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 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, 1999, 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 30, 1999 on my consideration of Helping Hands, Inc. of Lafayette's internal control structure 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, appearing to be "J. H. ...", with a large, stylized flourish extending to the right.

Lafayette, Louisiana  
December 30, 1999

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

**Statement of Financial Position  
June 30, 1999**

**ASSETS**

**Current Assets**

Cash	\$ 10,391
Receivables	31,447
Prepaid expenses	<u>9,444</u>

**Total Current Assets** 51,282

**Furniture and Equipment** 10,285

**Other Assets**

Deposits	<u>1,758</u>
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**TOTAL ASSETS** \$ 63,325

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable and accrued expenses	<u>\$ 25,171</u>
---------------------------------------	------------------

**Total Current Liabilities** 25,171

**Net Assets**

Unrestricted	37,329
Temporarily Restricted	<u>825</u>

**Total Net Assets** 38,154

**TOTAL LIABILITIES AND NET ASSETS** \$ 63,325

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, 1999**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support:</b>			
Governmental Grants	\$	\$ 332,345	\$ 332,345
Contributions in kind	4,543	-	4,543
<b>Total public support</b>	<u>4,543</u>	<u>332,345</u>	<u>336,888</u>
<b>Revenue</b>			
Interest income	594	-	594
Other	1,493	-	1,493
<b>Total revenue</b>	<u>2,087</u>	<u>-</u>	<u>2,087</u>
<b>Net assets released from restrictions</b>			
Restrictions satisfied by payments	<u>331,620</u>	<u>(331,620)</u>	<u>-</u>
<b>Total support, revenue, and reclassifications</b>	<u>338,250</u>	<u>725</u>	<u>338,975</u>
<b>Expenses</b>			
<b>Program services:</b>			
Cultural Enrichment -			
Homemakers	185,026	-	185,026
Summer Food Service	14,721	-	14,721
Multi-Training Center	11,330	-	11,330
<b>Total program services</b>	211,077	-	211,077
<b>Supporting services:</b>			
Management and General	116,294	-	116,294
<b>Total expenses</b>	<u>327,371</u>	<u>-</u>	<u>327,371</u>
<b>Change in net assets</b>	10,879	725	11,604
<b>Net assets, beginning of year</b>	<u>26,450</u>	<u>100</u>	<u>26,550</u>
<b>Net assets, end of year</b>	<u>\$ 37,329</u>	<u>\$ 825</u>	<u>\$ 38,154</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, 1999**

**Cash flows from operating activities**

**Change in net assets** \$ 11,604

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

Depreciation	3,774
(Increase) decrease in receivables	(26,994)
(Increase) decrease in prepaid expenses	3,367
(Increase) decrease in deposits	(1,463)
Increase (decrease) in accounts payable and accrued expenses	<u>16,976</u>

**Net cash provided (used) by operating activities** 7,264

**Cash flows from investing activities**

**Purchase of Equipment** (3,736)

**Net cash used by investing activities** (3,736)

**Net increase (decrease) in cash and cash equivalents** 3,528

**Cash and cash equivalents, beginning of year** 6,863

**Cash and cash equivalents, end of year** \$ 10,391

**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, 1999**

	Program Services - Cultural Enrichment			Supporting Services	
	Homemakers	Summer Food Service	Multi-Training Center	Management and General	Total
Salaries	\$ 109,626	\$ 3,028	\$ 3,360	\$ 59,547	\$ 175,561
Payroll taxes	11,389	571	383	5,342	17,685
Employee benefits	827	-	-	-	827
Professional fees and contract services	-	-	-	-	-
	-	500	-	8,376	8,876
In-kind expenses	4,543	-	-	-	4,543
Travel	10,914	161	-	5,063	16,138
Insurance	15,588	537	346	15,173	31,644
Rent	-	-	4,800	4,750	9,550
Utilities	-	-	998	1,338	2,336
Telephone	-	-	1,150	6,246	7,396
Repair & maintenance	911	-	-	591	1,502
Office expense	150	-	-	1,401	1,551
Supplies	285	-	199	3,435	3,919
Conferences, conventions, meetings	-	-	-	-	-
	-	-	-	1,283	1,283
Grant expense	30,764	-	-	-	30,764
Other	29	257	17	52	355
Food	-	9,643	-	-	9,643
Nonfood supplies	-	24	-	-	24
Total expenses before depreciation	185,026	14,721	11,253	112,597	323,597
Depreciation of furniture and equipment	-	-	77	3,697	3,774
<b>Total Expenses</b>	<b>\$ 185,026</b>	<b>\$ 14,721</b>	<b>\$ 11,330</b>	<b>\$ 116,294</b>	<b>\$ 327,371</b>

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, 1999**

**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, 1999**

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, 1998 through June 30, 1999.

**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, 1999.

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

**Notes to the Financial Statements (Continued)  
June 30, 1999**

**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, 1999.

**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, 1999:

Louisiana Governor's Office of Urban Affairs & Development	\$ 25,000
Louisiana Department of Social Services/Office of Community Services	4,167
Louisiana Department of Labor	141
Louisiana Worker's Compensation Corporation	605
Internal Revenue Service - 941 Tax Refund	1,534
	<u>\$ 31,447</u>

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

**Notes to the Financial Statements (Continued)  
June 30, 1999**

**NOTE 4 - FURNITURE AND EQUIPMENT**

At June 30, 1999, furniture and equipment was composed of the following:

Computer Equipment	\$ 10,095
Office Furniture and Equipment	10,544
Machinery and Equipment	<u>15,104</u>
	35,743
Less: Accumulated Depreciation	<u>25,458</u>
Furniture and Equipment, Net	<u><u>\$ 10,285</u></u>

**NOTE 5 - PREPAID EXPENSES**

Prepaid expenses at June 30, 1999 consist of the following:

Insurance	
General Liability	\$ 1,868
Other	61
Rent	3,050
Maintenance	1,256
Telephone	2,392
Utilities	464
Other	<u>353</u>
	<u><u>\$ 9,444</u></u>

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

**Notes to the Financial Statements (Continued)  
June 30, 1999**

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

Accounts payable and accrued expenses consist of the following at June 30, 1999:

Trade Accounts Payable	\$ 6,976
Compensation and related expenses	873
Grants Payable	17,322
	<u>\$ 25,171</u>

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$825 at June 30, 1999 are available for qualifying expenses for the period of July 1, 1999 through June 30, 2000.

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	\$ 280,100
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Multi-Training Center	11,691
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Louisiana Department of Education

Summer Food Service	14,829
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State Department of Social Services Office of Community Services

Homemakers	25,000
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Total net assets released from restrictions	<u>\$ 331,620</u>
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**Helping Hands, Inc. of Lafayette  
Lafayette, Louisiana**

**Notes to the Financial Statements (Continued)  
June 30, 1999**

**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, 1998 through June 30, 1999:

<u>Funding Source</u>	<u>Grant Contract Period</u>	<u>Total Grant Contract</u>	<u>Support Recognized</u>
State Department of Urban Affairs and Development	07/01/98 - 06/30/99	\$291,800	\$ 291,791
State Department of Education	06/08/98 - 08/07/98 06/07/99 - 07/20/99	Cost Reimbursement for Meals	14,829
State Department of Social Services Office of Community Service	01/01/99 - 06/30/99	\$25,000	25,000
			<u>\$ 331,620</u>

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

**NOTE 9 - GRANT EXPENSE**

At June 30, 1999, grant expense consisted of grants made to the following:

Local nonprofit organizations	\$ 10,764
Local governmental entities	<u>20,000</u>
	<u>\$ 30,764</u>

**NOTE 10 CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. 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.

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

**Notes to the Financial Statements (Continued)  
June 30, 1999**

**NOTE 11 - SUBSEQUENT EVENTS**

***Line of Credit***

Subsequent to June 30, 1999, the Organization has available a 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 \$60,000 for the period of August 18 through December 16, 1999. Interest is due and payable monthly at the rate of 9.5% per annum.

***Litigation***

After year end and before the financial statements were issued, the Organization received notice of potential litigation from the legal counsel of a former employee alleging wrongful termination. Management has advised that outside counsel for the Organization has not been consulted at this stage. As a result, management's opinion as to the probable outcome cannot be determined at this time.

**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. 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.

## **S U P P L E M E N T A R Y   I N F O R M A T I O N**

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

**Schedule of Non-compliance and Reportable Conditions  
For the year ended June 30, 1999**

**Reportable condition #1999-1:** Unresolved Prior Year Management Letter Comment #1997-3

**Condition:** During the period of July 1, 1997 through June 30, 1998, Multi Training Center workers began volunteering their time to the Organization due to lack of sufficient funding to support program operations. However, stipends totaling \$1,773 were paid to four volunteers and payroll taxes were not withheld.

**Cause 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 should be withheld from employees compensation and deposited with an authorized financial institution. In addition appropriate employer payroll taxes should also be remitted.

**Recommendation:** I recommend that management implement adequate monitoring procedures to improve controls in this area and resolve any misapplication of control procedures in a timely manner.

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

**Reportable Condition #1999-2:** Bank Overdraft

**Condition:** During my test of cash transactions, I noted that the amount of checks issued exceeded available funds on deposit.

**Cause and effect:** The bank overdraft was caused by inadequate control procedures over disbursement of funds. Overdrawing the cash account could result in unallowable cost due to bank charges for insufficient funds.

**Criteria:** Good internal control procedures dictate that checks written should not exceed amount on deposit.

**Recommendation:** Management should closely monitor available funds before issuing checks.

**Management Comment:** Management concurs with this recommendation and have effectively discontinued this practice.

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

**Schedule of Prior Year Findings  
For the year ended June 30, 1999**

**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, as well as 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 filing of payroll taxes.

**Resolution:** Resolved.

**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 #1999-1.

**1998-1 Inappropriate payment of Federal Unemployment Taxes**

**Recommendation:** Management should expedite filing of claim for refund of FUTA taxes.

**Resolution:** Resolved.

## **COMPLIANCE AND INTERNAL CONTROL STRUCTURE**



**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, 1999, and have issued my report thereon dated December 30, 1999. 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*.

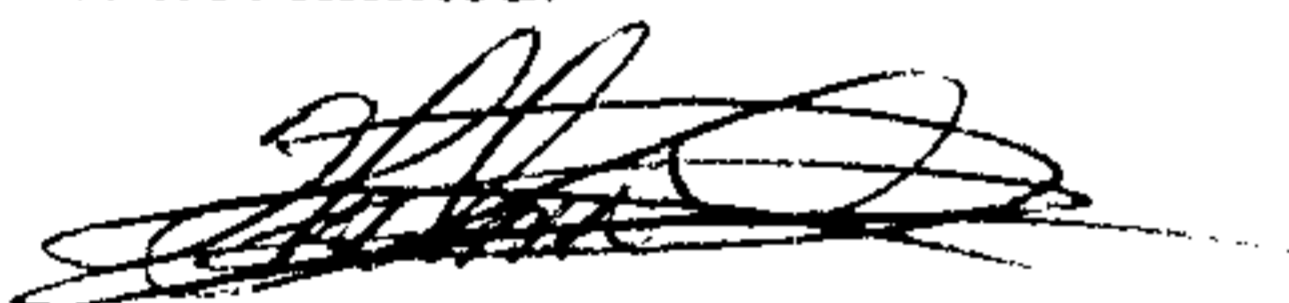
Internal Control Over Financial Reporting

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,

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 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 "J. H. Smith", written over a horizontal line.

Lafayette, Louisiana  
December 30, 1999