

HAMPCO, INC.

**Audited Financial Statements
As of and For the Year Ended June 30, 2008**

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

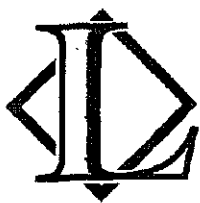
Release Date 2/18/09

HAMPCO, INC.

JUNE 30, 2008

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LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hampco, Inc.
Monroe, Louisiana

We have audited the accompanying statement of financial position of Hampco, Inc. as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hampco, Inc. as of June 30, 2008, 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*, we have also issued our report dated January 30, 2009, on our consideration of Hampco, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Hampco, Inc. taken as a whole. The accompanying supplementary information included on pages 17-18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Little & Associates, LLC

Monroe, Louisiana
January 30, 2009

HAMPCO, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

Assets	
Cash	\$ 630,727
Accounts Receivable - Department of Education	56,430
Accounts Receivable - Department of Social Services	26,163
Prepaid Assets	14,904
Equipment	18,651
Accumulated Depreciation - Equipment	<u>(18,651)</u>
Total Assets	\$ <u>728,224</u>
Liabilities	
Accounts Payable	\$ 6,522
Accrued Payroll	44,432
Payroll Taxes Payable	<u>32</u>
Total Liabilities	<u>50,986</u>
Net Assets	
Unrestricted	849
Temporarily Restricted	<u>676,389</u>
Total Net Assets	<u>677,238</u>
Total Liabilities and Net Assets	\$ <u>728,224</u>

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

HAMPCO, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contracts:			
Cooperative Endeavor Agreement - Louisiana Governor's Office of Urban Affairs and Development	\$ -	\$ 350,000	\$ 350,000
Louisiana Department of Education	-	192,585	192,585
Louisiana Department of Social Services	-	82,953	82,953
Donated Use of Equipment and Facility	-	2,383	2,383
Donations		6,573	6,573
Other Income	245	10,396	10,641
Net Assets Released from Restrictions	<u>458,454</u>	<u>(458,454)</u>	<u>-</u>
Total Support and Revenue	<u>458,699</u>	<u>186,436</u>	<u>645,135</u>
Expenses			
Programs:			
Hampco Programs:			
Teen Pregnancy Prevention	53,797	-	53,797
Project Drive	44,331	-	44,331
TANF	<u>211,658</u>	<u>-</u>	<u>211,658</u>
Total Hampco Programs	<u>309,786</u>	<u>-</u>	<u>309,786</u>
Grant Programs	<u>22,688</u>	<u>-</u>	<u>22,688</u>
Total Grant Programs	<u>22,688</u>	<u>-</u>	<u>22,688</u>
Total Programs	<u>332,474</u>	<u>-</u>	<u>332,474</u>
Supporting Services:			
Management and General	<u>126,370</u>	<u>-</u>	<u>126,370</u>
Total Expenses	<u>458,844</u>	<u>-</u>	<u>458,844</u>
Change in Net Assets	(145)	186,436	186,291
Net Assets at Beginning of Year	<u>994</u>	<u>489,953</u>	<u>490,947</u>
Net Assets at End of Year	<u>\$ 849</u>	<u>\$ 676,389</u>	<u>\$ 677,238</u>

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

HAMPCO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

	Programs			TANF	Supporting Services Management and General	Total
	Teen Pregnancy Prevention	Project Drive				
Bank Charges	\$ -	\$ 13	\$ -	\$ -	\$ 13	
Banquets & Refreshments	3,341	2,583	12,981		1,356	20,261
Contract Services	43,340	6,960	113,632		41,807	205,739
Insurance	-	-	-	-	356	356
Office Supplies and Expense	160	-	47,379		8,159	55,698
Other	140	31,277	-	630	6,797	38,214
Professional Fees	-	-	-	-	5,000	5,630
Rent	-	-	-	-	2,650	2,650
Salaries	-	-	-	-	48,463	48,463
Supplies	5,144	3,098	8,616		5,579	22,437
Taxes - Payroll	-	-	-	-	2,806	2,806
Telephone Expense	-	-	-	-	2,859	2,859
Travel Expense	1,672	400	28,420		538	31,030
	<u>\$ 53,797</u>	<u>\$ 44,331</u>	<u>\$ 211,658</u>	<u>\$ 126,370</u>	<u>\$ 436,156</u>	

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

HAMPCO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Operating Activities	
Change in Net Assets	\$ 186,291
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease in Accounts Receivable	10,009
(Increase) Decrease in Prepaid Expenses	(14,904)
Increase (Decrease) in Accounts Payable	(8,277)
Increase (Decrease) in Accrued Payroll	(872)
Increase (Decrease) in Payroll Taxes Payable	(1,145)
Net Cash Provided By (Used In) Operating Activities	<u>171,102</u>
Investing Activities	<u>-</u>
Financing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	171,102
Cash and Cash Equivalents at Beginning of Year	<u>459,625</u>
Cash and Cash Equivalents at End of Year	<u>\$ <u>630,727</u></u>

Disclosure of Accounting Policy

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

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

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

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

BASIS OF ACCOUNTING

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

FINANCIAL STATEMENT PRESENTATION

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These three classes of net assets are described as follows:

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

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

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

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERVASIVENESS OF ESTIMATES

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

SUPPORT AND REVENUE RESTRICTIONS

The Organization reports support and revenue that is restricted by the donor as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

ADVERTISING

Advertising costs are expensed as such costs are incurred.

EXPENSE ALLOCATION

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

INCOME TAX STATUS

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

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 – REVENUE AND SUPPORT

The Organization's primary source of support and revenue for the programs and the administration of the Organization are through Act 17 of the 2007 Regular Session, General Appropriations Act which operates under the guidelines of the Office of Contractual Review of the State of Louisiana ("OCR"). During the year ended June 30, 2008, the Organization primarily operated under the following contract with OCR:

- Contract Period: July 1, 2007 – June 30, 2008:

Agreement Amount	\$350,000
Amount Received as of June 30, 2008	\$350,000

The funds received under the contract for Act 17 funds with the OCR are recorded as temporarily restricted net assets since such funds are restricted as to their use. The funds are reclassified to unrestricted net assets as the funds are expended in accordance with the Organization's budget (including subsequent budget modifications) as submitted to and approved by the OCR.

Also, during the year ended June 30, 2008 the Organization entered into a cooperative endeavor agreement with the State of Louisiana, Department of Education ("DOE") for the operation of DOE's TANF After School Program. The Organization refers to this program as TANF.

- Contract Period: October 1, 2007 – August 31, 2008:

Original Agreement Amount (Prior to Amendment)	\$204,984
Amount Received as of June 30, 2008	\$136,155
Amount Expended, but not received as of June 30, 2008	\$ 56,430

The funds under the cooperative endeavor agreement with the Department of Education are requested on a monthly basis. Monthly reports of contact hours are submitted to the State of Louisiana Department of Education periodically as programs are performed in accordance with the Organization's budget (including subsequent budget modifications)

Also, during the year ended June 30, 2008, the Organization entered into a cooperative endeavor agreement with the State of Louisiana, Department of Social Services ("DSS") for the operation of Teen Pregnancy Prevention Services Program. The Organization refers to this program as TPP.

- Contract Period: March 1, 2007 – February 29, 2008

Original Agreement Amount (Prior to Amendment)	\$119,000
Amount Received as of June 30, 2008	\$ 56,790
Amount Expended, but not received as of June 30, 2008	\$ 0
- Contract Period: March 1, 2008 – February 28, 2009

Original Agreement Amount (Prior to Amendment)	\$119,000
Amount Received as of June 30, 2008	\$ 0
Amount Expended, but not received as of June 30, 2008	\$ 26,163

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2 – REVENUE AND SUPPORT (CONTINUED)

The funds under the cooperative endeavor agreement with the DSS are requested on a monthly basis. Monthly reports of contact hours are submitted to the State of Louisiana Department of Social Services periodically as programs are performed in accordance with the Organization's budget (including subsequent budget modifications).

NOTE 3 – PROGRAM EXPENDITURES

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

The programs operated by the Organization are described as follows:

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

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

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

TPP - A Teen Pregnancy Prevention Services Program designed to educate teenage girls concerning pregnancy prevention.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2008, temporarily restricted net assets are available for the administration and the operation of the Organization's programs, the lease or purchase of a building, as well as, for program grants to other organizations.

• Funds Available for Lease or Purchase of a Building as of June 30, 2007	\$205,000
Plus Interest Earned during year ended June 30, 2008	\$ 6,917
Less Amounts Paid during year ended June 30, 2008 for Lease	\$ 14,904
Funds Available as of June 30, 2008	\$197,013

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 5 – DONATED USE OF EQUIPMENT

In accordance with the terms of the cooperative endeavor agreements, equipment purchased with funds from such agreements becomes the property of the State of Louisiana upon completion of the agreements. Under the prior cooperative endeavor agreements, the Organization has purchased computers and related equipment, sewing machines, quilting machines, kilns, and educational equipment for use in various programs, as well as office equipment. The Organization continues to use such equipment at no cost. Management of the Organization has determined that the value for the use of the equipment for the year ended June 30, 2008, was \$2,383.

NOTE 6 – LEASES

In 1998, the Organization entered into a month-to-month lease agreement with Hunter, Blue, & Johnson, Attorneys-at-Law. In accordance with the terms of the lease agreement, the law firm leases office space, including utilities, other office facilities, and office equipment to the Organization for \$200 per month. Former Louisiana State Representative Willie Hunter, Jr. (Ouachita Parish District - 17) is a co-owner of Hunter, Blue, & Johnson, Attorneys-At-Law. The total amount paid under this lease during the year ended June 30, 2008, was \$2,400.

NOTE 7 – COMMITMENTS

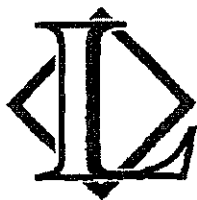
The cooperative endeavor agreements with the Office of Contractual Review, the Department of Education, and the Department of Social Services require that the Organization expend the funds it receives under such agreements in accordance with budgets (including subsequent budget modifications) approved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

NOTE 8 – CONCENTRATIONS

The Organization receives its primary source of support and revenue through cooperative endeavor agreements with the Office of Contractual Review. Such cooperative endeavor agreements are awarded on an annual basis. Prior to June 30, 2008, the Organization learned that it was not budgeted any additional funds by the State for the year ending June 30, 2009.

On May 29, 2008, the Organization requested of the Governor's Office for permission to use any undisbursed funds carried over from the year ended June 30, 2008. The Organization received a letter dated June 9, 2008, from the Governor's Office giving them approval to carry the excess funds not disbursed in the year ended June 30, 2008, over to the year ending June 30, 2009.

OTHER INDEPENDENT AUDITORS' REPORT



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Board of Directors of
Hampco, Inc.

We have audited the financial statements of Hampco, Inc. (a Nonprofit Organization), as of and for the year ended June 30, 2008, and have issued our report thereon dated January 30, 2009. We conducted our 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hampco, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hampco, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hampco, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hampco, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2008-1 and 2008-2.

Hampco, Inc.'s response to finding 2008-1 identified in our audit is described in the accompanying schedule of findings and responses. Hampco Inc.'s response to finding 2008-2 identified in our audit is described in Management's Corrective Action Plan. We did not audit Hampco, Inc.'s responses and, accordingly, we express no opinion on them.

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



Monroe, Louisiana
January 30, 2009

HAMPCO, INC.
Monroe, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Hampco, Inc.
2. Significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance With Government Auditing Standards. The significant deficiencies are considered to be material weaknesses,
3. Two instances of noncompliance material to the financial statements of Hampco, Inc. were disclosed during the audit.

Audit of Federal Awards

None

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2008-1 Late Submission of Annual Financial Statements

Criteria: In accordance with state statute, the Organization's annual financial statements and accompanying independent auditors' report are required to be submitted to the Legislative Auditor on or before December 31 of each year.

Condition: The Organization's annual financial statements and accompanying independent auditors' report for the year ended June 30, 2008, were not submitted to the Legislative Auditor on or before December 31, 2008.

Context: N/A

Effect: The Organization is not in compliance with state law with respect to the submission of its annual financial statements and accompanying auditors' report.

Cause: Audit information requested by the auditor was not provided to the auditor in a timely manner.

HAMPCO, INC.
Monroe, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2008

Recommendation: Management of Hampco, Inc. should implement policies that will require personnel to provide the auditors with requested audit information in a timely manner and that will ensure that the annual financial statements are submitted to the Legislative Auditor within the prescribed submission deadline.

Views of Responsible Officials and Planned Corrective Actions: Management of Hampco, Inc. is in agreement with the auditors' finding and will adopt policies to ensure that audit information is provided to the auditors in a timely manner and that future annual financial statements will be submitted to the Legislative Auditor in a timely manner.

Person Responsible for Corrective Action:

Ms. Betty Broussard, Executive Director
Hampco, Inc.
P.O. Box 3065
Monroe, Louisiana 71210
Telephone: (318) 361-2050
Facsimile: (318) 362-4133

2008-2 Reimbursement Requests not in Agreement with Supporting Documentation

Criteria: For the Temporary Assistance for Needy Families (TANF) After School for All (ASFA) program, the Organization is required to keep adequate documentation to support the information reported to the Department of Education each month on its Record of Attendance Hours Reports.

Condition: It was observed that there were instances of noncompliance where the student sign in sheets used to document attendance in the program did not agree to the forms submitted to the Department of Education for reimbursement.

- 29 instances were noted where the Organization requested reimbursement from the Department of Education for students whose daily attendance was not documented on the daily sign in sheets.
- 26 instances were noted where the attendance time reported on the daily sign in sheets did not agree with the Record of Attendance Hours form.
- 10 instances were noted where there was either no sign in time or sign out time for the students participating in the program.
- 2 instances were noted where the students participating in the program were not reported on the Record of Attendance Hours form.
- 1 instance was noted where a student did not sign the sign in sheet.

Context: 68 instances of noncompliance were noted out of a population of 2,480.

HAMPCO, INC.
Monroe, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2008

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

Cause: The Teachers that were running the program at various locations for the Organization failed to adequately ensure that the attendance of each participant was properly documented.

Recommendation: Management of Hampco, Inc. should implement procedures that will ensure that the attendance of each participant is properly documented prior to submitting the forms for reimbursement.

Views of Responsible Officials and Planned Corrective Actions: Management of Hampco, Inc. is in agreement with the auditors' finding and will adopt policies to ensure that the attendance of each participant is properly documented. See Management's Corrective Action Plan.

Department of Education Compliance Findings

The Louisiana Department of Education, Division of School and Community Support, conducted a fiscal and programmatic compliance monitoring visit of the TANF ASFA program at Hampco, Inc. and issued its letter of findings on February 22, 2008.

As a result of the visit, which included a review of records for the test month of November 2007, Hampco, Inc. was found, to be out of compliance in the following areas:

1. **Incomplete Fiscal Records and Inconsistent Attendance:** When compared to the STARS Monthly Billing Report: The Student Logs reviewed failed to adequately document the actual student time-in and time-out. Student attendance records must align with daily sign-in and sign-out sheets, site calendars, and monthly claims for reimbursement. Fiscal records must be adequately maintained and documented on a monthly basis. Bank statements, receipts and the approved budget must be available for review on the day of visit. Federal OMB Circular A-87 states that allowable costs under Federal awards must be adequately documented. As stated in the TANF After School for All 2007-08 Request for Proposal: "Payment for service will occur as a result of student contact hours claimed-with supporting documentation-each month."
2. **Lack of State-Approved Curriculum:** Contractor failed to use an approved curriculum from October 2007 through January 2008, as per the 2007-08 TANF ASFA Request for Proposal requirements. Academic instruction using a State-approved curriculum must be implemented and made part of the master schedule. Because the program operated without using a state-approved curriculum, thus violating program requirements, payments made to the program for services rendered during that period may be deemed as disallowed costs, subject to re-payment to the Department of Education.

3. Attendance on STARS Monthly Billing Report does not Match Contractor Calendars or Student Sign-in Sheets: Student attendance records must align with daily sign-in and sign-out sheets, site calendars, and monthly claims for reimbursement. Fiscal records must be adequately maintained and documented on a monthly basis. Federal OMB Circular A-87 states that allowable costs under Federal awards must be adequately documented. As stated in the TANF After School for All 2007-08 Request for Proposal: "Payment for service will occur as a result of student contact hours claimed-with supporting documentation-each month."
4. Parent Signature Required for Early Student Check-out: Contractor did have a space on the sign-in sheet for a parent to sign when picking up a child early, however it was not being used. State policy requires that the Contractor will provide a designated space on the sign-in sheet for parents/guardians to document the time that students leave the TANF After School for All Program prior to dismissal and for it to be utilized.
5. Reimbursement Shall be Tied to Performance: Contractor's TANF After School for All Program did not reach 80% of its projected number of student contact hours for November 2007. The program projected to accrue 4000 contact hours for November 2007, but only attained 3146 hours is in violation of the contract which states, "Contractor shall be reimbursed the maximum monthly allocation if 80% of the projected contact hours are delivered within the month. If 80% is not achieved, reimbursement will be reduced by the percentage a provider failed to meet the target."
6. Insufficient Documentation of Student Contact Hours: Student sign-in sheets did not reflect actual arrival and departure times supporting attendance during the TANF ASFA program period of 3:00 p.m. 5:00 p.m. Therefore, the actual student contact hours were not properly documented. Federal OMB Circular A-87 states that costs allowable under Federal awards must be adequately documented [(C)(1)(j)]. As stated in the TANF ASFA 2007-08 Request for Proposal: "Payment for service will occur as a result of student contact hours claimed with supporting documentation each month."
7. Incomplete Fiscal Records and Inconsistent Attendance When Compared to the STARS Monthly Billing' Report: The Student Logs reviewed failed to adequately document the actual student time-in and time-out. Student attendance records must align with daily sign-in and sign-out sheets, site calendars, and monthly claims for reimbursement.

Person Responsible for Corrective Action:

Ms. Betty Broussard, Executive Director
Hampco, Inc.
P.O. Box 3065
Monroe, Louisiana 71210
Telephone: (318) 361-2050
Facsimile: (318) 362-4133

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

None

HAMPCO, INC.
Monroe, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2008

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS

FINDINGS - FINANCIAL STATEMENTS AUDIT

2007-1 Late Submission of Annual Financial Statements

Findings: In accordance with state statute, the Organization's annual financial statements and accompanying independent auditors' report are required to be submitted to the Legislative Auditor on or before December 31 of each year. The Organization's annual financial statements and accompanying independent auditors' report for the year ended June 30, 2007, were not submitted to the Legislative Auditor on or before December 31, 2007.

Status: Unresolved

SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS

There were no prior year findings.

SECTION III - MANAGEMENT LETTER

There were no prior year findings.

Management's Corrective Action Plan

Hampco, Inc.
900 St. John Street
Monroe, LA 71202

March 20, 2008

Ms. Kartina Roberts, Section Leader
School Support Section
State of Louisiana
Department of Education
Post Office Box 94064
1201 North Third Street
Baton Rouge, Louisiana 70804-9064

Dear Ms. Roberts:

RE: Hampco, Inc. TANF ASFA
FY 2007-08 Program Compliance Review

In response to your letter dated February 22, 2008 and as a result of the on site visit by the Louisiana Department of Education, we have taken several steps in an effort to insure compliance. Please note that three of the seven areas cited were the same.

ITEMS # 1, 3, & 7:

- We amended our calendars to make sure that the actual times of classes on the calendars match data in the Stars System.
- Lead teachers are required to check daily sign-in/sign-out sheets for accuracy before submitting them to the coordinator.
- The coordinator and administrative assistant review the sign-in sheets to insure that students have indeed signed in and signed out on the attendance record. The coordinator and administrative assistant then compare the sign-in/sign-out sheets with the individual teacher's reports as entered in the Stars System by our Data Input person. Once this has been done, the records for the month are submitted to the Hampco Office for further review by a Hampco official.
- For the month of November, we believe fiscal records were available on the day of the visit; i.e., bank statements, receipts and our approved budget; one receipt did have to be pulled from the file. If allowable costs were not adequately documented for that month, please note that monies are dispersed based upon when they are received from the state.

ITEM # 2:

The sites visited on January 30, 2008 were not using the materials in spite of being asked to do so. Three out of the five (5) sites, Berg Jones, New Antioch, and Wossman were and are using the materials. Richwood Junior High and Richwood High School are now using the state approved curriculum. Our quality control monitor has been asked to verify whether or not the teachers are using the specified curriculum.

ITEM # 4:

An emailed memo was sent to all teachers reminding them to have parents/guardians sign children out before dismissal time. We will continue to remind teachers to not permit students to leave without the proper authority signing them out.

ITEM # 5:

Based on the "hold harmless period" during October, November, and December, we do not feel that our failure to reach 80% should be listed as an infraction during this month. We are continuing to encourage our teachers to strive for 40 students at each site per day. We have added a teacher at Berg Jones in an effort to reach our contracted hours.

This year, we have been challenged by other activities, i.e. basketball, football, and girl power as well as other grant programs such as 21st Century at several sites in our service area. However, our goal is 80% attendance at all sites.

ITEM # 6:

Our proposal contained the time that we thought classes would be held. Sites informed us of the actual times of their classes after our proposal was submitted. It was our intention to submit the amendments when they were due in January or February. Our calendars are being amended to reflect the actual time of the classes.

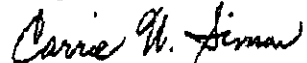
Please be aware we have diligently tried to comply with every request made by TANF. We have amended our budget and calendars numerous times since the February deadline. Each week there is a different change. Now we are being told to go back to our original amended budget in October, 2007. Additionally, we are told we can not amend our calendars for this time period. We feel that we should have been allowed to amend our January calendars to reflect the actual hours of operation since we had until February 8, 2008 to amend. The inability to remove the two days that were missed in January will play a part in our failure to reach 80% in January, based upon your spread sheet.

We would also like to bring your attention to the fact that most of the infractions were sited by your external auditors in the Spring of 2006. We did not receive this report until November, 2007. On November 29, 2007, we submitted a corrective action plan in response to your November 16, 2007 memorandum. When Mr. Walter Atterbery came in January 2008 to review our November and December books, we did not have time to put in place the corrective action plan as cited on November 16, 2007. Therefore, we do not believe we were allotted time to make the necessary corrections.

We have attempted, to the best of our ability, to insure that contact hours and sign-in/sign-out sheets are accurate and that the approved curricula are being used. If there is something else that you feel we can do to comply, do not hesitate to inform us.

I would like for you to express our sincere thanks to Mr. Walter Atterberry who has been very courteous to us during this difficult period. I believe he is deeply concerned about the children and the success of our program.

Respectfully yours,



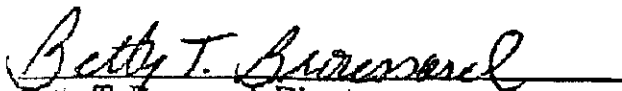
Carrie W. Simon

TANF AFSA Coordinator

CWS

cc: Walter Atterberry, State Department of Education

APPROVED:



Betty T. Broussard, Director

Hampco, Inc.

SUPPLEMENTARY INFORMATION

HAMPCO, INC.

SCHEDULE OF GRANT PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2008

Grant Programs	
Project Outreach	\$ 3,000
Christian Community Outreach	1,000
Dream Team Mentor	800
Ouachita Council on Aging	5,542
Richwood High School	645
Scholarship	3,000
Sickle Cell	7,115
Top Teens of America	586
Wossman High School Band	<u>1,000</u>
Total Grant Programs	\$ <u><u>22,688</u></u>

HAMPCO, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - PROJECT DRIVE

FOR THE YEAR ENDED JUNE 30, 2008

	ABJ Ministries	Easter Egg Hunt	Heritage (Academic) Bowl	Leadership	Sickle Cell	Diamonds In The Rough	St. James Tutorial	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Bank Charges	-	-	658	1,925	-	-	13	2,583
Banquets & Refreshments	1,760	150	-	4,950	-	100	-	6,960
Contract Services	-	-	11,577	2,950	10,000	-	-	24,527
Other	-	-	-	6,750	-	-	-	6,750
Awards	400	-	-	-	-	-	-	400
Travel	520	661	731	1,061	-	125	-	3,098
Supplies	-	-	-	-	-	-	-	-
	<u>\$ 2,680</u>	<u>\$ 811</u>	<u>\$ 12,966</u>	<u>\$ 17,636</u>	<u>\$ 10,000</u>	<u>\$ 225</u>	<u>\$ 13</u>	<u>\$ 44,331</u>