

HAMPCO, INC.

**Financial Report
For the Year Ended June 30, 2005**

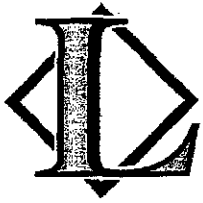
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the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

Release Date 12-7-05

HAMPCO, INC.
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2005

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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, 2005, 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, 2005, 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.

The accompanying financial statements have been prepared assuming that Hampco, Inc. will continue as a going concern. As discussed in note 9 to the financial statements, Hampco, Inc. has suffered a significant reduction and a freeze on contract revenue subsequent to the year ended June 30, 2005. These matters raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Board of Directors
Hampco, Inc.
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2005, 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 14-17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Little & Associates, LLC

Monroe, Louisiana
October 7, 2005

HAMPCO, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2005

Assets	
Cash	\$ 87,749
Accounts Receivable - Department of Education	99,391
Equipment	18,651
Accumulated Depreciation - Equipment	<u>(17,097)</u>
Total Assets	<u>\$ 188,694</u>
 Liabilities	
Accounts Payable	\$ 11,565
Accrued Payroll	83,360
Payroll Taxes Payable	<u>413</u>
Total Liabilities	<u>95,338</u>
 Net Assets	
Unrestricted	401
Temporarily Restricted	<u>92,955</u>
Total Net Assets	<u>93,356</u>
Total Liabilities and Net Assets	<u>\$ 188,694</u>

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

HAMPCO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	<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	\$ -	\$ 250,000	\$ 250,000
Louisiana Department of Education	-	328,079	328,079
Donated Use of Equipment	-	3,742	3,742
Other Income	166	1,569	1,735
Net Assets Released from Restrictions	<u>546,101</u>	<u>(546,101)</u>	<u>-</u>
Total Support and Revenue	<u>546,267</u>	<u>37,289</u>	<u>583,556</u>
Expenses			
Programs:			
Hamper Programs:			
Project Care	7,331		7,331
Com-Put-R	2,400	-	2,400
Project Drive	43,744	-	43,744
TANF	<u>315,529</u>	<u>-</u>	<u>315,529</u>
Total Hamper Programs	<u>369,004</u>	<u>-</u>	<u>369,004</u>
Grant Programs	<u>83,683</u>	<u>-</u>	<u>83,683</u>
Total Grant Programs	<u>83,683</u>	<u>-</u>	<u>83,683</u>
Total Programs	<u>452,687</u>	<u>-</u>	<u>452,687</u>
Supporting Services:			
Management and General	<u>93,844</u>	<u>-</u>	<u>93,844</u>
Total Expenses	<u>546,531</u>	<u>-</u>	<u>546,531</u>
Change in Net Assets	(264)	37,289	37,025
Net Assets at Beginning of Year	<u>665</u>	<u>55,666</u>	<u>56,331</u>
Net Assets at End of Year	\$ <u>401</u>	\$ <u>92,955</u>	\$ <u>93,356</u>

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

HAMPCO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2005

	Programs				TANF	Supporting Services Management and General		Total
	Com-Put-R	Project Care	Project Drive			General		
Bank Charges	\$ -	\$ -	\$ 247	\$ 56	\$ -	\$ 36	\$ 339	
Banquets & Refreshments	200	-	2,854	546	-	2,250	5,850	
Contract Services	2,000	-	28,024	238,555	-	23,542	292,121	
Delivery Expense	-	1,534	82	-	-	-	1,616	
Depreciation	-	-	-	-	-	6,217	6,217	
Donation Expense	-	-	-	-	-	430	430	
Insurance	-	-	-	-	-	352	352	
Office Supplies and Expense	-	-	-	-	-	8,288	8,288	
Other	-	442	3,358	-	-	5	3,805	
Professional Fees	-	-	-	3,500	-	4,888	8,388	
Rent	-	-	600	-	-	2,400	3,000	
Salaries	-	-	-	10,391	-	35,918	46,309	
Supplies	200	5,355	8,579	27,407	-	2,868	44,409	
Taxes - Payroll	-	-	-	1,003	-	2,163	3,166	
Telephone Expense	-	-	-	-	-	664	664	
Travel Expense	-	-	-	34,071	-	3,823	37,894	
	<u>\$ 2,400</u>	<u>\$ 7,331</u>	<u>\$ 43,744</u>	<u>\$ 315,529</u>	<u>\$ -</u>	<u>\$ 93,844</u>	<u>\$ 462,848</u>	

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

HAMPCO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

Operating Activities	
Change in Net Assets	\$ 37,025
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,217
(Increase) Decrease in Accounts Receivable	(33,862)
Increase (Decrease) in Accounts Payable	6,250
Increase (Decrease) in Accrued Payroll	16,041
Increase (Decrease) in Payroll Taxes Payable	413
Net Cash Provided By (Used In) Operating Activities	32,084
Investing Activities	-
Financing Activities	-
Net Increase in Cash and Cash Equivalents	32,084
Cash and Cash Equivalents at Beginning of Year	55,665
Cash and Cash Equivalents at End of Year	\$ 87,749

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, 2005

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, 2005

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, 2005

NOTE 2 - REVENUE AND SUPPORT

The Organization's primary source of support and revenue for the programs and the administration of the Organization are through cooperative endeavor agreements with the Louisiana Governor's Office of Urban Affairs and Development (Urban Affairs and Development). During the year ended June 30, 2005, the Organization primarily operated under the following cooperative endeavor agreement with Urban Affairs and Development:

• Contract Period: July 1, 2004 - June 30, 2005:	
Agreement Amount	\$250,000
Amount Received as of June 30, 2005	\$250,000
Amount Obligated but not Expended as of June 30, 2005	\$ 3,600

During the year ended June 30, 2005, the Organization completed the programs under its cooperative endeavor agreement for the year ended June 30, 2004.

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

Also, during the year ended June 30, 2005, the Organization entered into a cooperative endeavor agreement with the State of Louisiana, Department of Education (DOE) for the operation of DOE's TANF After School Program. The Organization refers to this program as TANF.

• Contract Period: September 1, 2004 - August 31, 2005:	
Agreement Amount	\$315,000
Amount Received as of June 30, 2005	\$190,264
Amount Expended, but not received as of June 30, 2005	\$ 99,391

The funds under the cooperative endeavor agreement with the Department of Education are requested on a monthly basis. Monthly reports of contact hours are submitted to the State of Louisiana Department of Education periodically as programs are performed in accordance with the Organization's budget (including subsequent budget modifications). The maximum contract amount is \$315,000 budgeted for September 1, 2004 to August 31, 2005.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 3 - PROGRAM EXPENDITURES

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

The programs operated by the Organization are described as follows:

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

Project Care - Two programs 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.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2005, temporarily restricted net assets are available for the administration and the operation of the Organization's programs, as well as, for program grants to other organizations.

NOTE 5 - DONATED USE OF EQUIPMENT

In accordance with the terms of the cooperative endeavor agreements, equipment purchased with funds from such agreements becomes the property of the State of Louisiana upon completion of the agreements. Under the prior cooperative endeavor agreements, the Organization has purchased computers and related equipment, sewing machines, quilting machines, kilns, and educational equipment for use in various programs, as well as office equipment. The Organization continues to use such equipment at no cost. Management of the Organization has determined that the value for the use of the equipment for the year ended June 30, 2005, was \$3,742.

HAMPCO, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - LEASES

In 1998, the Organization entered into a month-to-month lease agreement with Hunter, Blue, & Johnson, Attorneys-at-Law. In accordance with the terms of the lease agreement, the law firm leases office space, including utilities, other office facilities, and office equipment to the Organization for \$200 per month. Louisiana State Representative Willie Hunter, Jr. (Ouachita Parish District - 17) is a co-owner of Hunter, Blue, & Johnson, Attorneys-At-Law. The total amount paid under this lease during the year ended June 30, 2005, was \$2,400.

NOTE 7 - COMMITMENTS

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

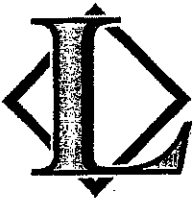
NOTE 8 - CONCENTRATIONS

The Organization receives its primary source of support and revenue through cooperative endeavor agreements with the Louisiana Governor's Office of Urban Affairs and Development. Such cooperative endeavor agreements are awarded on an annual basis. Subsequent to June 30, 2005, the Organization submitted an application to Urban Affairs and Development for \$215,000 in funding for the year ending June 30, 2006.

NOTE 9 - GOING CONCERN UNCERTAINTIES

Subsequent to year end, the Organization learned that the funds from their Cooperative Endeavor Agreement with Louisiana Governor's Office of Urban Affairs and Development have been eliminated from the State's budget. These funds support the general operations of the Organization and without an alternative source of revenue, the Organization's ability to continue as a going concern is uncertain. The Organization has also suffered a freeze subsequent to year end on its other major source of revenue from the Louisiana Department of Education, which it utilizes in operating the TANF Program. The duration of the freeze is unknown at this time. Management is currently in the process of trying to obtain grants from various sources. Management realizes this will take time and the results of their efforts are not known at this time.

OTHER INDEPENDENT AUDITORS' REPORT



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES FR. 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 Board of Directors
Hampco, Inc.
Monroe, Louisiana

We have audited the financial statements of Hampco, Inc. as of and for the year ended June 30, 2005, and have issued our report thereon dated October 7, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hampco, Inc's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use 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.

Litt + Associates, LLC

Monroe, Louisiana
October 7, 2005

SUPPLEMENTARY INFORMATION

HAMPCO, INC.

SCHEDULE OF GRANT PROGRAMS

JUNE 30, 2005

Grant Programs	
ABI Ministries	\$ 8,000
Carroll High School Band	2,000
Christian Community Outreach	500
Community Outreach of Ouachita	5,000
Delta Teen	1,000
Dream Team Mentor	730
Emily P. Robinson Recreation Center	2,000
Ouachita Valley Boy Scouts	7,000
Powell Recreation Center	2,000
Richwood High School	5,250
Scholarship	1,000
SCORE, Inc.	17,500
Sickle Cell	8,703
Tree of Life	3,000
Top Gun	5,000
Top Teens of Distinction	4,000
Twin City Athletic Association	4,000
Twin City Community Welfare	4,000
Wossman High School Band	<u>3,000</u>
Total Grant Programs	\$ <u><u>83,683</u></u>

HAMPCO, INC.

SCHEDULE OF FUNCTIONAL EXPENSES - PROJECT DRIVE
FOR THE YEAR ENDED JUNE 30, 2005

	Back-to-School	Easter Egg Hunt	Heritage (Academic) Bowl	IN-TUNE	Johnson Recreation Tutorial	Marble Recreation Tutorial	Black Parenting	Diamonds/Rough	St. James Tutorial	Total
Bank Charges	-	-	-	-	-	-	100	-	147	247
Banquets & Refreshments	-	-	626	-	-	-	469	1,298	461	2,854
Contract Services	-	400	150	6,027	2,240	1,862	5,165	3,945	8,235	28,024
Delivery Expense	-	-	-	-	-	-	-	82	-	82
Other	-	-	3,358	-	-	-	-	-	-	3,358
Rent	-	-	-	-	-	-	-	-	600	600
Supplies	1,960	482	2,424	407	317	1,154	178	1,624	33	8,579
	<u>1,960</u>	<u>882</u>	<u>6,558</u>	<u>6,434</u>	<u>2,557</u>	<u>3,016</u>	<u>5,912</u>	<u>6,949</u>	<u>9,476</u>	<u>43,744</u>

HAMPCO, INC.
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

Financial Statement Audit

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

Audit of Federal Awards

None

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

None

HAMPCO, INC.
Monroe, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2005

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

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

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

Status: Resolved.

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.