

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

RECEIVED
LEGISLATIVE AUDITOR

00 MAY 22 AM 9:56

RELAY ADMINISTRATION BOARD

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1999

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 MAY 31 2000

RELAY ADMINISTRATION BOARD

DECEMBER 31, 1999

CONTENTS

INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
ADDITIONAL INFORMATION	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	9

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants

P. O. Box 53246 • 114 Representative Row
Lafayette, Louisiana 70505-3246
(337) 232-3637 • (337) 235-9455
FAX (337) 235-8557

JOHN W. WRIGHT, CPA*
M. TROY MOORE, CPA*
MICHAEL G. DeHART, CPA, CVA, MBA*
JAMES H. DUPUIS, CPA, CVA*
JOE D. HUTCHINSON, CPA*
JAN H. COWEN, CPA*
DEBORAH C. GORDON, CPA, CVA*

LANCE E. CRAPPELL, CPA
CHERYL L. BARTLEY, CPA, M. Acc. (Taxation)
ANDRÉ D. BROUSSARD, CPA
A. RENA SCOGGIN, CPA
GWENDOLYNN D. ELKINS, CPA
TRAVIS M. BRINSKO, CPA
JOHN L. STANSBURY, CPA

INDEPENDENT AUDITORS' REPORT

* A PROFESSIONAL CORPORATION

To the Board of Directors
Relay Administration Board
Baton Rouge, Louisiana

We have audited the Statement of Financial Position of Relay Administration Board (a nonprofit organization) as of December 31, 1999, and the related Statements of Activities 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 generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. 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 Relay Administration Board as of December 31, 1999, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2000, on our consideration of Relay Administration Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 14, 2000

WMDDH

RELAY ADMINISTRATION BOARD
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1999

ASSETS

CURRENT ASSETS

Cash and Interest Bearing Deposits	\$ 2,176,214	
Investments	18,298,724	
Accounts Receivable	879,023	
Accrued Interest Receivable	240,294	
Prepaid Expenses	<u>1,102</u>	
 Total Current Assets		 \$21,595,357

PROPERTY AND EQUIPMENT

Furniture and Fixtures	3,195	
Equipment	<u>10,463</u>	
Total Property and Equipment	13,658	
Less: Accumulated Depreciation	<u>(5,089)</u>	
 Net Property and Equipment		 8,569

OTHER ASSETS

Deposits		<u>200</u>
 TOTAL ASSETS		 <u>\$21,604,126</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 184,167	
Payroll Taxes Payable	1,237	
Due to Employee	<u>212</u>	
 Total Current Liabilities		 \$ 185,616

NET ASSETS - Unrestricted 21,418,510

TOTAL LIABILITIES AND NET ASSETS \$21,604,126

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 1999

UNRESTRICTED NET ASSETS

REVENUES

Telephone Access Fees	\$4,509,664
Contract Reimbursements	500,000
Dividend Income	32,504
Interest Income	1,179,597
Miscellaneous Income	318
Realized Loss on Investments	(7,072)
Unrealized Loss on Investments	<u>(512,285)</u>

TOTAL REVENUES \$ 5,702,726

EXPENSES

Salary Expense	45,000
Payroll Tax Expense	3,442
Bank Charges	404
Depreciation Expense	1,779
Insurance	5,497
Interpretation Services	1,750
Legal and Professional	3,263
NASRA Dues	200
Office Expense	2,837
Pension Expense	3,650
Relay Services	2,258,997
Rent	4,950
Telephone	2,681
Travel and Conventions	<u>4,411</u>

TOTAL EXPENSES 2,338,861

INCREASE IN UNRESTRICTED NET ASSETS 3,363,865

NET ASSETS AT BEGINNING OF YEAR 18,054,645

NET ASSETS AT END OF YEAR \$21,418,510

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 3,363,865
Adjustment to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:	
Depreciation	1,779
Realized Investment Gains	7,072
Unrealized Investment Gains	512,285
Changes in Current Assets and Liabilities:	
Accounts Receivable	(20,836)
Accrued Interest Receivable	(34,893)
Prepaid Expenses	(145)
Accounts Payable and Other Payables	<u>897</u>
Net Cash Provided by Operating Activities	<u>3,830,024</u>
CASH USED IN INVESTING ACTIVITIES	
Purchase of CDs and Government Securities	(7,499,970)
Sales and Redemptions of CDs and Government Securities	5,278,000
Principal Collections on Collateralized Mortgage Obligations	29,344
Purchase of Property and Equipment	<u>(2,400)</u>
Net Cash Used in Investing Activities	<u>(2,195,026)</u>
NET INCREASE IN CASH	1,634,998
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>541,216</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 2,176,214</u>

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Form of Operations - Relay Administration Board (RAB) is a non-profit organization created by the Louisiana Public Service Commission as provided by Order Number U-17656-A pursuant to the telecommunications sections of the Americans with Disabilities Act of 1990 and other applicable regulations adopted by the Federal Communications Commission. The Board is comprised of five members who serve indefinite terms at the discretion of the Louisiana Public Service Commission. The RAB is charged with the responsibility of oversight of telephone relay services for the State of Louisiana, insuring equal access to telecommunications services for all hearing and speech impaired citizens, and acting as a liaison between the relay service provider and the Louisiana Public Service Commission.

Financial Statement Presentation - The Organization follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-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. In addition, the Organization is required to present a Statement of Cash Flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets as required. As of December 31, 1999, the Organization has only unrestricted net assets.

Cash and Cash Equivalents - For the 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.

Concentration of Credit Risk - Financial instruments which potentially subject RAB to a concentration of credit risk consists primarily of cash in a highly rated financial institution.

Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 1999, RAB's uninsured cash balances totaled \$2,047,602.

Income Taxes - RAB is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Income determined to be unrelated business income is taxable. Also, in accordance with Section 6033 and Section 115 of the

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 1999

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes - continued

Internal Revenue Code, related purpose receipts are excludable from gross income for federal income tax purposes, therefore exempting RAB from the requirement of filing annual returns.

Use of Estimates - The preparation of financial statements in conformity with 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.

Property and Equipment - Property and equipment are valued at historical cost. Depreciation is computed using the straight-line method over the assets' useful lives.

(B) INVESTMENTS

Investments are carried at their fair values as determined by published trade prices. Investments at December 31, 1999, are summarized as follows:

	<u>Cost</u>	<u>Value</u>	<u>Appreciation (Depreciation)</u>
Certificates of Deposit	\$ 6,399,259	\$ 6,322,679	\$ (76,580)
Government Securities	12,251,808	11,939,107	(312,701)
Collateralized Mortgage Obligations	<u>38,515</u>	<u>36,938</u>	<u>(1,577)</u>
TOTAL	<u>\$18,689,582</u>	<u>\$18,298,724</u>	<u>\$(390,858)</u>

(C) ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 1999, consisted of the following:

Telephone Access Fees	\$379,023
Contract Reimbursements	<u>500,000</u>
Total Receivables	<u>\$879,023</u>

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 1999

(D) FUNDING SOURCES

The operations of RAB are funded as follows:

Telephone Access Fees - In conjunction with Act 660 of the 1988 Regular Legislative Session of the State of Louisiana and Order No. U-17656-B of the Louisiana Public Service Commission, RAB is authorized to collect eleven cents (11¢) per access line for each local exchange carrier to the extent such collection is required to fund the telephone relay services of the State of Louisiana.

Contract Reimbursements - RAB has a professional services contract with the State of Louisiana Department of Social Services (DSS) to provide telephone relay service throughout the State of Louisiana to facilitate telecommunications between individuals with a hearing or speech disability and other members of the community. Under this contract, RAB may be reimbursed by DSS for its cost of providing such services up to \$500,000 for the contract term of July 1, 1999, through June 30, 2000. Unreimbursed costs of \$500,000 through December 31, 1999, have been accrued as revenues.

The amount accrued as revenue for the 1999-2000 contract was paid in March 2000.

(E) EMPLOYEE BENEFIT PLANS

In 1996, RAB hired one full time employee and adopted a 403(b)(7) retirement plan. The employee can make salary deferred contributions into the plan and RAB can make matching or discretionary contributions. For 1999, RAB made matching contributions into the plan in the amount of \$3,650.

(F) CASH FLOW DISCLOSURES

There were no payments for interest expense or income taxes during 1999.

(G) LEASES

Relay Administration Board currently rents office space under an operating lease expiring in October, 2000, for \$412.50 per month.

Future minimum rentals at December 31 were:

2000	<u>\$4,125</u>
------	----------------

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON, L.L.C.

Certified Public Accountants

P. O. Box 53246 • 114 Representative Row
Lafayette, Louisiana 70505-3246
(337) 232-3637 • (337) 235-9455
FAX (337) 235-8557

JOHN W. WRIGHT, CPA*
M. TROY MOORE, CPA*
MICHAEL G. DeHART, CPA, CVA, MBA*
JAMES H. DUPUIS, CPA, CVA*
JOE D. HUTCHINSON, CPA*
JAN H. COWEN, CPA*
DEBORAH C. GORDON, CPA, CVA*

LANCE E. CRAPPELL, CPA
CHERYL L. BARTLEY, CPA, M. Acc. (Taxation)
ANDRÉ D. BROUSSARD, CPA
A. RENA SCOGGIN, CPA
GWENDOLYNN D. ELKINS, CPA
TRAVIS M. BRINSKO, CPA
JOHN L. STANSBURY, CPA

* A PROFESSIONAL CORPORATION

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

To the Board of Directors
Relay Administration Board
Baton Rouge, Louisiana

We have audited the financial statements of Relay Administration Board, as of and for the year ended December 31, 1999, and have issued our report thereon dated April 14, 2000. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether Relay Administration Board's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered Relay Administration Board'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 assurance 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the

WMDDH

design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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.

This report is intended for the information of the Board of Directors of the Relay Administration Board, the State of Louisiana Department of Social Services and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 14, 2000