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**LEADERSHIP FOR EXCELLENCE IN  
LOUISIANA PUBLIC BROADCASTING**  
**REPORT ON ACTS OF THE COMMISSION  
ON FINANCIAL STATEMENTS**  
**YEAR ENDING JUNE 30, 1999**

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Under provisions of state law, this report is a public document. A copy of this report has been submitted to the Auditor, or assigned, orally and other exempted 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 07/07/00

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August 19, 1998

**Independent Auditor's Report**

Board of Directors  
Foundation for Excellence in  
Louisiana Public Broadcasting  
Baton Rouge, Louisiana

We have audited the accompanying Component Unit Statement of Financial Position of the Foundation for Excellence in Louisiana Public Broadcasting, (a component unit of the Louisiana Educational Television Authority) as of June 30, 1998, and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit. Information for the year ended June 30, 1997 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated August 11, 1997 was expressed.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Foundation for Excellence in Louisiana Public Broadcasting as of June 30, 1998, and the change 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, we have also issued a report dated August 10, 1998, on our consideration of the Foundation's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the component unit financial statements of the Foundation taken as a whole. The accompanying schedule of expenditures of federal awards (as required by U.S. Office of Management and Budget Circular A-113, Audits of States, Local Governments, and Not-for-Profit Organizations) and the Statement of Functional Expenses are presented for purposes of additional analysis and are not a required part of the component unit financial statements. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the component unit financial statements taken as a whole.

Respectfully submitted,

*Thomas L. Burgeon, L.L.P.*

Foundation for Excellence in Louisiana Public Broadcasting

STATEMENT OF FINANCIAL POSITION

as of June 30, 1998

with comparative totals for 1997

**ASSETS**

|  | <u>1998</u>                | <u>1997</u>                |
|--|----------------------------|----------------------------|
| Cash and Cash Equivalents  | \$ 348,293                 | \$ 211,970                 |
| Marketable Securities and Investments  | 9,557,943                  | 8,283,820                  |
| Accounts/Grants Receivable   | 546,376                    | 484,223                    |
| Accrued Interest Receivable  | 97,820                     | 66,463                     |
| Cost of Programs Not Yet Broadcast   | 181,338                    | 117,833                    |
| Due from Friends of L.P.B.   | 272,150                    | 232,881                    |
| Prepaid Expense  | -                          | 39,400                     |
| Property and Equipment, at Cost Less<br>Accumulated Depreciation of \$27,125<br>and \$28,348 for 1998 and 1997 | <u>6,281</u>               | <u>13,563</u>              |
| <b>Total Assets</b>  | <b><u>\$11,377,324</u></b> | <b><u>\$ 9,398,876</u></b> |

**LIABILITIES AND NET ASSETS**

|  |                            |                            |
|--|----------------------------|----------------------------|
| Accounts Payable                                     | \$ 40,500                  | \$ 11,264                  |
| Due to Louisiana Educational<br>Television Authority | 2,005,948                  | 1,667,373                  |
| Deferred Support and Revenues:                       |                            |                            |
| Underwriting and Local Productions                   | 67,837                     | 54,276                     |
| Federal Grants                                       | 128,826                    | 1,897                      |
| Educational Services                                 | <u>14,781</u>              | <u>18,340</u>              |
| <b>Total Deferred Support and Revenues</b>           | <b><u>211,444</u></b>      | <b><u>74,513</u></b>       |
| <b>Total Liabilities</b>                             | <b><u>2,257,502</u></b>    | <b><u>1,745,950</u></b>    |
| <b>Net Assets:</b>                                   |                            |                            |
| Unrestricted   | 7,483,158                  | 8,058,850                  |
| Temporarily Restricted                               | <u>1,426,348</u>           | <u>1,339,267</u>           |
| <b>Total Net Assets</b>                              | <b><u>8,928,108</u></b>    | <b><u>9,449,117</u></b>    |
| <b>Total Liability and Net Assets</b>                | <b><u>\$11,177,324</u></b> | <b><u>\$ 9,398,876</u></b> |

The accompanying notes are an integral part of this statement.

Foundation for Excellence in Louisiana Public Broadcasting

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 1998  
with comparative totals for 1997

|  | UNRESTRICTED     | TEMPORARILY<br>RESTRICTED | 1998<br>TOTAL | 1997<br>TOTAL  |
|--|------------------|---------------------------|---------------|----------------|
| Revenue and Other Support:   |                  |                           |               |                |
| Underwriting Income  | \$ 228,209       | \$ -                      | \$ 228,209    | \$ 284,700     |
| Community Service Grant<br>from the Corporation<br>for Public Broadcasting           | 894,408          | -                         | 894,408       | 892,803        |
| Membership Support from<br>FRIENDS of Louisiana<br>Public Broadcasting, Inc.         | -                | 1,098,745                 | 1,098,745     | 873,828        |
| Louisiana Public Broad-<br>casting Special Projects<br>and Local Productions         | 599,985          | 35,400                    | 635,385       | 578,590        |
| Louisiana Public Broad-<br>casting Trust Fund  | 487,383          | -                         | 487,383       | 583,708        |
| Other Income   | 824              | -                         | 824           | 8,817          |
| Interest and Dividend Income<br>(Net of Expenses of \$31,223)                        | 369,873          | -                         | 369,873       | 329,758        |
| Net Realized and Unrealized<br>Gains (Losses), Including<br>Capital Gains Reinvested | 553,875          | -                         | 553,875       | 238,783        |
| Federal Grants   | 386,127          | -                         | 386,127       | 388,348        |
| Net Assets Released from<br>Restrictions:  |                  |                           |               |                |
| Reinstatement of Restriction   | <u>1,288,886</u> | <u>(1,288,886)</u>        | -             | -              |
| Total Revenue and Other<br>Support   | 4,768,474        | (157,943)                 | 4,610,531     | 4,898,733      |
| Expenses:  |                  |                           |               |                |
| Personnel Services   | 946,888          | -                         | 946,888       | 102,804        |
| Travel   | 26,762           | -                         | 26,762        | 88,854         |
| Operating Services   | 2,378,337        | -                         | 2,378,337     | 2,473,812      |
| Professional Services  | 826,086          | -                         | 826,086       | 338,246        |
| Capital Outlay/General<br>Support  | <u>88,352</u>    | <u>-</u>                  | <u>88,352</u> | <u>103,225</u> |
| Total Expenses   | 3,246,423        | -                         | 3,246,565     | 3,397,721      |
| Increase (Decrease) in<br>Net Assets   | \$ 1,422,051     | \$ (157,943)              | \$ 1,264,108  | \$ 441,012     |

The accompanying notes are an integral part of this statement.

Foundation for Excellence in Louisiana Public Broadcasting

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1998  
with comparative totals for 1997

|  | <u>1998</u>       | <u>1997</u>        |
|--|-------------------|--------------------|
| Cash Flows From Operating Activities:  |                   |                    |
| Increase in Net Assets   | \$ 1,270,967      | \$ 643,836         |
| Adjustments to Reconcile Excess<br>Revenues and Other Support Over Expenses<br>to Cash Provided by Operating Activities: |                   |                    |
| Depreciation   | 8,762             | 8,762              |
| Net Realized and Unrealized (Gain) Loss<br>on Marketable Securities  | (553,075)         | (278,176)          |
| Changes in Assets and Liabilities:   |                   |                    |
| (Increase) Decrease in Accounts/Grants<br>Receivable   | (92,547)          | 673,608            |
| (Increase) Decrease in Due from Friends<br>of L.F.B.   | (48,069)          | 263,248            |
| (Increase) Decrease in Accrued Interest<br>Receivable  | (36,488)          | 28,691             |
| (Increase) Decrease in Cost of Programs<br>Not Yet Broadcast   | (35,523)          | 20,128             |
| (Increase) Decrease in Prepaid Expenses  | 30,400            | (36,836)           |
| Increase (Decrease) in Accounts Payable  | 20,238            | (70,536)           |
| Increase (Decrease) in Due to Louisiana<br>Educational Television Authority  | 188,574           | 506,488            |
| Increase (Decrease) in Deferred Support<br>and Revenues  | <u>139,821</u>    | <u>2,844</u>       |
| Net Cash Provided by Operating<br>Activities   | 1,095,189         | 3,028,749          |
| Cash Flows From Investing Activities:  |                   |                    |
| Purchases of Investments   | (3,984,256)       | (5,097,135)        |
| Proceeds from Maturity of Investments  | <u>3,163,388</u>  | <u>3,548,742</u>   |
| Net Cash Used in Investing<br>Activities   | <u>(720,868)</u>  | <u>(1,548,393)</u> |
| Net Increase (Decrease) in Cash and<br>Cash Equivalents  | 374,321           | (1,519,644)        |
| Cash and Cash Equivalents - Beginning of Year  | <u>311,928</u>    | <u>1,267,382</u>   |
| Cash and Cash Equivalents - End of Year  | <u>\$ 686,249</u> | <u>\$ 747,738</u>  |

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1 - Summary of Significant Accounting Policies -

**A. Organization**

The Foundation for Excellence in Louisiana Public Broadcasting (the "Foundation") was established August 7, 1993 as a nonprofit Louisiana corporation. It was organized to direct all of its efforts to the support of the Louisiana Educational Television Authority. The Foundation provides for an endowment to support public television in the State of Louisiana and may serve as a "repository" for funds to be utilized for the promotion, development, enhancement and assistance of public television in Louisiana. Furthermore, the Foundation operates under the authority of its board of Directors, who are appointed by the Louisiana Educational Television Authority.

**B. Financial Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which potential component units should be considered part of another entity for financial reporting purposes. The basic criteria are as follows:

1. Appointment of a voting majority of an organization's governing body, and
  - a. The ability of an entity to impose its will on an organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the entity does not appoint a voting majority but are fiscally dependent on the organization.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the foregoing criteria, the management of the Louisiana Educational Television Authority has included the Foundation for Excellence in Louisiana Public Broadcasting as a component unit of the Louisiana Educational Television Authority. Since the Authority appoints the board members of the Foundation and there is a financial benefit/burden relationship between the two entities, the funds of the Foundation will be discretely presented in the Louisiana Educational Television Authority's component unit financial statements for the year ended June 30, 1998.



NOTES TO FINANCIAL STATEMENTS Continued

June 30, 1998

C. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

D. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Foundation 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 as applicable. As of June 30, 1998 there were no permanently restricted net assets.

E. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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 purpose of 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.

F. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. Contributed Services

During the year ended June 30, 1998, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

**H. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**I. Equipment**

Equipment is stated at cost less accumulated depreciation, and will be depreciated using the straight-line method over five years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

**J. Marketable Securities and Investments**

In accordance with statements of Financial Accounting Standards (SFAS) No. 114, Accounting for Certain Investments Held by Non-Profit Organizations, investments in all debt and equity securities with readily determinable fair value are reported at their fair value. All other investments are reported at historical cost if purchased, or, if contributed, at fair value at the date of contribution.

**K. Costs Incurred for Programs Not Yet Broadcast**

Costs incurred for programs not yet broadcast relate to programs acquired by the Foundation with broadcast dates subsequent to June 30, 1998. Grants, contributions and underwriting relating to these programs are included in deferred revenue. As the programs are telecast, the costs incurred will be included in operating expenses and the related deferred revenue will be recognized.

**L. Production Revenue and Expense**

Production revenue is recognized on a percentage completion basis over the life of the applicable project. Production expense is recorded when incurred.

**M. Program and Production Underwriting**

Revenue for program underwriting is recorded on a pro rata basis for the period covered, and for production underwriting on an estimated percentage-of-completion basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

M. Income Taxes

The Foundation has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in these financial statements.

O. Statement of Cash Flows

For purposes of reporting cash flows, cash includes certificates of deposits and all highly liquid debt instruments with original maturities of three months or less when purchased.

Note 2 - Cash and Cash Equivalents -

The Foundation's cash and cash equivalents at June 30, 1998 are categorized in three levels of credit risk. Category 1 includes bank balances which are insured or collateralized with securities held by the Foundation or its agent in the Foundation's name. Category 2 includes bank balances which are collateralized with securities held by the pledging financial institution's trust department or agent in the Foundation's name. Category 3 includes bank balances which are uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Foundation's name.

|  | <u>CARRYING</u><br><u>AMOUNT</u> | <u>MARK</u><br><u>VALUE</u> |
|--|----------------------------------|-----------------------------|
| Category 1   | \$ 57,683                        | \$180,098                   |
| Category 2   | -                                | 70,178                      |
| Cash and Cash Equivalents<br>Not Subject to Categorization:<br>Money Market Mutual Funds | 487,844                          | 487,844                     |
|  | <u>\$545,527</u>                 | <u>\$638,120</u>            |

Note 3 - Investment Securities -

The Foundation's investments at June 30, 1998 are recorded at market value and are categorized in three levels of credit risk as follows:

Foundation for Excellence in Louisiana Public Broadcasting

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

Category 1 - Insured or registered in the Foundation's name, or securities held by the Foundation or its agent in the Foundation's name.

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Foundation's name.

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the Foundation's name.

In addition, in accordance with GAOB codification, certain mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

The following is a summary of the Foundation's investments at June 30, 1998:

|                                   | CATEGORY 1 | CATEGORY 2 | CATEGORY 3  | COST        | MARKET VALUE | UNREALIZED |          |
|-----------------------------------|------------|------------|-------------|-------------|--------------|------------|----------|
|                                   |            |            |             |             |              | GAIN       | LOSS     |
| U.S. Treasury Securities          | \$ -       | \$ 334,810 | \$1,380,378 | \$1,484,388 | \$1,431,778  | \$ 52,610  | \$ -     |
| U.S. GOVERNMENT Agency Securities | -          | -          | 3,828,748   | 3,828,748   | 3,658,863    | 169,885    | -        |
| U.S. Government Bond Funds        | -          | -          | 878,038     | 878,038     | 878,243      | -          | 1,772    |
| Preferred Stocks                  | -          | -          | 480,248     | 480,248     | 428,388      | 51,860     | -        |
|                                   |            | \$344,810  | \$3,354,200 | \$3,488,222 | \$3,795,267  | \$6,947    | 1,772    |
| Governmental Bond Securities:     |            |            |             |             |              |            |          |
| Mutual Fund-Equity Securities     |            |            |             | 3,394,085   | 3,314,534    | 79,551     |          |
|                                   | \$ -       | \$ 334,810 | \$3,354,200 | \$3,488,222 | \$3,795,267  | \$69,438   | \$ 1,772 |

The cost and market value of securities by contractual maturities is as follows:

|                                  | COST        | MARKET VALUE |
|----------------------------------|-------------|--------------|
| Within One Year                  | \$ 978,232  | \$ 987,578   |
| One Year Through Five Years      | 3,978,672   | 3,994,433    |
| Five Years Through Ten Years     | 2,439,238   | 2,163,838    |
|                                  | 5,496,142   | 5,145,849    |
| Preferred Stocks                 | 480,248     | 428,388      |
| Mutual Funds - Equity Securities | 3,394,085   | 3,714,578    |
|                                  | \$9,364,237 | \$9,557,643  |

Foundation for Excellence in Louisiana Public Broadcasting

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

included in the caption "Net Realized and Unrealized Gains (Losses)" on the Statement of Activities are as follows: Realized Gains of \$266,246, which includes capital gain distributions of \$344,857, realized losses of \$879 and the net change in unrealized gains (losses) at June 30, 1998 as compared to June 30, 1997 of \$295,409.

**Note 4 - Fixed Assets and Depreciation -**

A summary of fixed assets is as follows:

|                                |                 |
|--------------------------------|-----------------|
| Computer Equipment             | \$ 33,806       |
| Less: Accumulated Depreciation | <u>(27,128)</u> |
|                                | <u>\$ 6,678</u> |

Depreciation expense for the year ended June 30, 1998 was \$6,783.

**Note 5 - Related Party Transactions/Restricted Net Assets - Friends of Louisiana Public Broadcasting -**

The Louisiana Educational Television Authority (LETA) Louisiana Public Broadcasting (LPB) and Friends of Louisiana Public Broadcasting entered into a mutual agreement dated December 5, 1994. Under the terms of this agreement, cash and investments with a market value of \$1,957,788 were transferred upon execution of the agreement from Friends of Louisiana Public Broadcasting to an outside third party, the Baton Rouge Area Foundation, who established a fund in the name of LPB in the nature of an endowment, to provide current income and long term protection for the operations of LPB. Per the terms of the agreement LETA may designate who the funds are distributed to and therefore designated the Foundation to receive these funds.

Furthermore, a separate agreement dated August 9, 1994, was entered into between Friends of Louisiana Public Broadcasting and the Foundation for Excellence in Louisiana Public Broadcasting. Under the terms of this agreement, Friends of Louisiana Public Broadcasting transfers quarterly excess funds as calculated per the agreement, to be used to pay for certain approved expenses. For the fiscal year ended June 30, 1998, \$1,885,745 was transferred to the Foundation (which includes a receivable of \$278,160) under the terms of this agreement.

At June 30, 1998, \$1,421,463 of temporarily restricted net assets are available for the purposes specified in these two agreements described in the preceding paragraphs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1998

Note 4 - Restrictions on Net Assets -

Temporarily restricted net assets are available for the following purposes:

|                                       |                    |
|---------------------------------------|--------------------|
| Friends of L.F.B. Transfer Agreements | \$1,421,863        |
| Sunshine Book Contributions           | <u>19,883</u>      |
|                                       | <u>\$1,441,746</u> |

Note 5 - Net Assets Released from Donor Restrictions -

Net assets were released from donor restrictions for incurring expenses satisfying the restricted purpose.

Purpose restrictions accomplished:

|                                       |                    |
|---------------------------------------|--------------------|
| Friends of L.F.B. Transfer Agreements | \$1,288,709        |
| Sunshine Book Contributions           | <u>19,517</u>      |
|                                       | <u>\$1,308,226</u> |

Note 6 - Due to Louisiana Educational Television Authority -

During the current and prior years, monies were received from various universities who are leasing unused transformer space on a satellite owned by Louisiana Educational Television Authority (L.E.T.A.). Upon receipt, these rental payments were deposited in the Trust Account of the Foundation and are therefore considered due to L.E.T.A. At June 30, 1998, the amount owed to L.E.T.A. for these rentals is \$1,387,781 which includes \$215,098 of interest earnings.

Note 7 - Concentration of Credit Risk -

Included in receivables are amounts due from various entities for such items as underwriting agreements, educational services, and grant funds due from federal agencies. Payment of these accounts is dependent upon the various entities' ability to fund their projects and programs.

SUPPLEMENTARY INFORMATION

Foundation for Excellence in Louisiana Public Broadcasting

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1999  
with comparative totals for 1997

|                       | <u>PROGRAM SERVICES</u>                   |                              |                                | <u>TOTAL<br/>PROGRAM<br/>SERVICES</u> |
|-----------------------|---|------------------------------|--------------------------------|---------------------------------------|
|                       | <u>PROGRAMMING<br/>AND<br/>PRODUCTION</u> | <u>BROADCASTING<br/>COST</u> | <u>PROGRAM<br/>IMPROVATION</u> |                                       |
| Personal Services     | \$ 305,710                                | \$ 576                       | \$ -                           | \$ 306,286                            |
| Travel                | 40,871                                    | 650                          | 975                            | 42,496                                |
| Operating Services    | 1,800,511                                 | 245,890                      | 111,394                        | 2,157,795                             |
| Professional Services | 100,803                                   | 18,747                       | -                              | 119,550                               |
| Capital Outlay        | <u>32,824</u>                             | <u>22,669</u>                | <u>-</u>                       | <u>55,493</u>                         |
| Total Expenses        | <u>\$2,680,719</u>                        | <u>\$ 288,632</u>            | <u>\$ 112,369</u>              | <u>\$3,081,720</u>                    |

See auditor's report.



MANAGEMENT  
FEE

| <u>GENERAL</u>   | <u>TOTAL EXPENSES</u> |                    |
|------------------|-----------------------|--------------------|
|                  | <u>1986</u>           | <u>1987</u>        |
| \$ 60,433        | \$ 366,859            | \$ 342,884         |
| 54,460           | 96,762                | 98,884             |
| 169,842          | 2,373,337             | 2,473,912          |
| 38,266           | 426,006               | 339,366            |
| <u>18,768</u>    | <u>88,362</u>         | <u>103,215</u>     |
| <u>\$358,748</u> | <u>\$3,381,368</u>    | <u>\$3,387,721</u> |

Foundation for Excellence in Louisiana Public Broadcasting

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 1998

| <u>FEDERAL GRANTOR/<br/>PROGRAM TITLE</u>                            | <u>FEDERAL<br/>CFDA<br/>NUMBER</u> | <u>PROGRAM<br/>OR AWARD<br/>AMOUNT</u> |
|--|------------------------------------|--|
| <u>U.S. Department of Education</u>                                  |                                    |  |
| Adult Education Step Program   | 84.003                             | \$118,800                              |
| Adult Education Step Program   | 84.003                             | 72,424                                 |
| Governor's Drug Free Program   | 84.106A                            | 30,800                                 |
| Passed Through the School Board of the<br>City of Norfolk, Virginia: |                                    |  |
| Technology Challenge Grant   | 84.082                             | 195,420                                |
| Technology Challenge Grant   | 84.082                             | 132,960                                |
| Passed Through Satellite Educational<br>Resources Consortium:        |                                    |  |
| Project Recall   | 84.383A                            | 147,500                                |
| Environmental Tackle Box   | 84.383A                            | 255,600                                |
| Passed Through Los Angeles County<br>Office of Education:            |                                    |  |
| Teams Distance Learning  | 84.383A                            | 28,000                                 |
| Total U.S. Department of<br>Education                                |                                    |  |
| <u>U.S. Department of Agriculture</u>                                |                                    |  |
| Urban and Community Forestry Assistance                              | 19.654                             | \$5,000                                |
| Passed Through Louisiana Department of<br>Agriculture and Forestry:  |                                    |  |
| Cooperative Forestry Assistance                                      | 19.654                             | 120,000                                |
| Total U.S. Department of<br>Agriculture                              |                                    |  |

(CONTINUED)

| DEFERRED<br>REVENUE AT<br>JUNE 30, 1997 | GRANT RECEIPTS<br>OR REVENUES<br>RECORDED | DISBURSEMENTS/<br>EXPENDITURES | DEFERRED<br>REVENUE AT<br>JUNE 30, 1998 |
|---|---|--------------------------------|---|
| \$ -                                    | \$ 12,574                                 | \$ 12,574                      | \$ -                                    |
| -                                       | 53,109                                    | 53,189                         | -                                       |
| -                                       | 26,297                                    | 26,297                         | -                                       |
| -                                       | 51,435                                    | 51,435                         | -                                       |
| -                                       | 98,791                                    | 98,791                         | -                                       |
| -                                       | 81,125                                    | 55,407                         | 25,718                                  |
| -                                       | 148,259                                   | 39,819                         | 108,440                                 |
| -                                       | <u>2,887</u>                              | <u>2,887</u>                   | <u>-</u>                                |
| -                                       | 457,378                                   | 398,429                        | 129,949                                 |
| -                                       | 19,858                                    | 19,858                         | -                                       |
| -                                       | <u>45,841</u>                             | <u>45,841</u>                  | <u>-</u>                                |
| -                                       | 65,698                                    | 65,698                         | -                                       |

Foundation for Excellence in Louisiana Public Broadcasting

SCHEDULE OF EXPENDITURES OF FEDERAL MONIES (CONTINUED)

For the Year Ended June 30, 1998

| <u>FEDERAL GRANTOR/<br/>PROGRAM TITLE</u>                     | <u>FEDERAL<br/>CFDA<br/>NUMBER</u> | <u>PROGRAM<br/>OR FUND<br/>AMOUNT</u> |
|---|------------------------------------|---------------------------------------|
| <u>National Urban League</u>                                  |                                    |                                       |
| Passed Through Louisiana Educational<br>Television Authority: |                                    |                                       |
| Rate for Calculating Charge                                   |                                    | 2,000                                 |
| Total National Urban League                                   |                                    |                                       |
| Total Federal Assistance                                      |                                    |                                       |

See auditor's report.

| <u>DEFERRED</u><br><u>REVENUE AT</u><br><u>JUNE 30, 1992</u> | <u>GRANT RECEIPTS</u><br><u>OR REVENUES</u><br><u>RECORDED</u> | <u>DISBURSEMENTS/</u><br><u>EXPENDITURES</u> | <u>DEFERRED</u><br><u>REVENUE AT</u><br><u>JUNE 30, 1993</u> |
|--|--|--|--|
|--|--|--|--|

|                 |                   |                   |                   |
|-----------------|-------------------|-------------------|-------------------|
| <u>1,987</u>    | <u>0</u>          | <u>0</u>          | <u>1,987</u>      |
| <u>1,987</u>    | <u>0</u>          | <u>0</u>          | <u>1,987</u>      |
| \$ <u>1,987</u> | \$ <u>523,876</u> | \$ <u>386,123</u> | \$ <u>138,636</u> |

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



**Hannis T. Bourgeois, LLP**

**Certified Public Accountants**

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Farmall I.P.  
Cotton I.P.  
Morgan I.P.  
Bank 1 - Green I.P.  
Bank 1 - Green I.P.  
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August 19, 1988

Board of Directors  
Foundation for Excellence  
in Louisiana Public Broadcasting  
Baton Rouge, Louisiana

We have audited the financial statements of the Foundation for Excellence in Louisiana Public Broadcasting as of and for the year ended June 30, 1988, and have issued our report thereon dated August 19, 1988. We conducted our 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 the Foundation'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 these 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 the Foundation'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 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 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.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Foundation in a separate letter dated August 19, 1998.

This report is intended for the information of management, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation for Excellence in Louisiana Public Broadcasting, Baton Rouge, Louisiana, is a matter of public record.

Respectfully submitted,

*Thomas A. Lawrence, C.P.A.*



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133



# Hannis T. Bourgeois, L.L.P.

Certified Public Accountants

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August 18, 1998

Board of Directors  
Foundation for Excellence  
in Louisiana Public Broadcasting  
Baton Rouge, Louisiana

## Compliance

We have audited the compliance of the Foundation for Excellence in Louisiana Public Broadcasting with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. The Foundation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Foundation's compliance with these requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998. However, the results of our auditing procedures disclosed instances of noncompliance with these requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs.

### Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAO Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation for Excellence in Louisiana Public Broadcasting, Baton Rouge, Louisiana, is a matter of public record.

Respectfully submitted,

*Thomas J. Burgeson, C.F.P.*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 1998

(ii) As required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the following is a summary of the results of our audit:

- Type of report issued on financial statements - Unqualified.
- Type of report issued on compliance for major programs - unqualified.
- The results of audit procedures disclosed no material non-compliance in major programs.
- The results of audit procedures disclosed no questioned costs.
- Our audit disclosed no findings which are required to be reported under Section .510(a).
- The following programs were determined to be Type B major programs:

F.F.D.A. Number

- |                                |        |
|--------------------------------|--------|
| • Adult Education Step Program | 84.082 |
| • Technology Challenge Grant   | 84.082 |
- The dollar threshold used to distinguish between Type A and Type B programs was \$160,000 as specified under Section .523(b).
  - The Foundation qualified as a low risk auditee under Section .528.

Foundation for Excellence in Louisiana Public Broadcasting

Annual Report of Financial and Questioned Costs Information

for the year ended June 30, 1998

(2) Findings and questioned costs for Federal awards are as follows:

| <u>PROGRAM</u>                               | <u>FINDING/INCOMPLIANCE</u>  | <u>QUESTIONED COSTS</u> |
|--|--|-------------------------|
| Technology Challenge<br>grant - CFDA #94.102 | a) It was noted that the quarterly federal cash transactions report (Form 1721 for the quarter ended March 31, 1998) was filed incorrectly. Cash receipts received under the previous grant were incorrectly reported as receipts under the new grant due to a misposting in the General Ledger. Upon discovery of the error, an amended report has been prepared and sent to the grantor. | \$ N/A                  |

CORRECTIVE ACTION PLAN

for the year ended June 30, 1998

The Foundation for Excellence in Louisiana Public Broadcasting concurs that all grant reports are to be filed in an accurate manner, including the Technology Challenge Grant quarterly reports. To that end, L.B.T.A. will carefully monitor the posting of grant receipts to assure that receipts are posted to the proper grant and proper grant period.

The monitoring procedures implemented will result in timely and accurate filing of the required reports.

FOUNDA  
101-101-101  
5000-1-10-20

**FOUNDATION FOR EXCELLENCE IN  
LOUISIANA PUBLIC BROADCASTING**

**MANAGEMENT LETTER**

**JUNE 30, 1998**





**Hannis T. Bourgeois, L.L.P.**

**Certified Public Accountants**

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MEMORANDUM TO THE BOARD OF DIRECTORS

August 19, 1988

Board of Directors  
Foundation for Excellence in  
Louisiana Public Broadcasting  
Baton Rouge, Louisiana

In planning and performing our audit of the component unit financial statements of the Foundation for Excellence in Louisiana Public Broadcasting in component unit of Louisiana Education Television Authority for the year ended June 30, 1988, we considered its internal control structure 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. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

**GENERAL LEDGER FINDINGS:**

In the prior year and again in the current year, it was noted that the general ledger software was not integrated with the various subsidiary ledgers such as accounts payable, accounts receivable, and cost center ledgers.

**RECOMMENDATION:**

We again recommend that management fully integrate their accounting software whereby all subsidiary ledgers post directly to the applicable general ledger accounts. By having a fully integrated system, transactions could be recorded in a much more efficient manner.

Foundation for Excellence in  
Louisiana Public Broadcasting  
August 19, 1979  
Page 1

EXPENSES  
FINDINGS:

During the current year, it was noted that the expenses on the Master Cost Center Report had not been reconciled to the general ledger expense accounts. As a result, a great deal of time was spent by your personnel and our personnel in reconciling these amounts.

RECOMMENDATION:

We recommend that the "Master Cost Center Report" and the general ledger be reconciled on a monthly basis. This reconciliation should be documented on a standard reconciliation form and any necessary adjustments be made at that time. This reconciliation process would be greatly simplified if the general ledger was integrated with the Master Cost Center Report.

REVENUES  
FINDINGS:

While performing audit procedures on current year revenues, numerous adjustments were required to be made to the various revenue schedules presented to us for our audit. These adjustments were necessary to balance the schedules and correctly calculate earned revenue. The adjustments were discussed with your personnel.

RECOMMENDATION:

We recommend more care be exercised in preparing these schedules. We would be available to assist your personnel in the preparation of the schedules, as well as, properly calculating earned revenue.

This report is intended solely for the use of management, the Census Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognizant agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Foundation for Excellence in Louisiana Public Broadcasting, Baton Rouge, Louisiana, is a matter of public record.

Respectively submitted,

*Thomas J. Burgeon, C.P.A.*