FOUNDATION FOR EXCELLENCE IN LOUISIANA PUBLIC BROADCASTING

REPORT ON AUDIT OF THE COMPONENT UNIT FINANCIAL STATEMENTS

JUNE 30, 1999

CONTENTS

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August 5, 1999

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, 1999, 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, 1998 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated August 19, 1998 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. Those 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, 1999, and the change in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

The year 2000 supplementary information on pages 14-15 is not a required part of the component unit financial statements but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the Year 2000 issue and its effects, and the fact that authorative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the Foundation is or will become Year 2000 Compliant, that the Foundation's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Foundation does business are or will become Year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued a report dated August 5, 1999, 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-133, *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,

Hannis T. Bourgeois, L.L.P.

Foundation for Excellence in Louisiana Public Broadcasting

STATEMENT OF FINANCIAL POSITION

as of June 30, 1999
with comparative totals for 1998

ASSETS

	1999	1998
Cash and Cash Equivalents	$ 1,681,382	$ 545,291
Marketable Securities and Investments, at Market Value	10,393,048	9,557,963
Accounts/Grants Receivable	728,882	546,778
Accrued Interest Receivable	37,067	97,010
Cost of Programs Not Yet Broadcast	156,461	151,333
Due from Friends of L.P.B.	257,271	272,150
Property and Equipment, at Cost Less Accumulated Depreciation of $33,906 and $27,125 for 1999 and 1998	-	6,781
Total Assets	$13,254,111	$11,177,306

LIABILITIES AND NET ASSETS

	1999	1998
Accounts Payable	$ 49,090	$ 40,502
Due to Louisiana Educational Television Authority	2,700,903	2,005,946
Deferred Support and Revenues:		
Underwriting and Local Productions	137,589	67,037
Federal Grants	80,010	128,936
Educational Services	-	14,781
Total Deferred Support and Revenues	217,599	210,754
Total Liabilities	2,967,592	2,257,202
Net Assets:		
Unrestricted	9,222,549	7,483,158
Temporarily Restricted	1,063,970	1,436,946
Total Net Assets	10,286,519	8,920,104
Total Liabilities and Net Assets	$13,254,111	$11,177,306

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, 1999
with comparative totals for 1998

	UNRESTRICTED	TEMPORARILY RESTRICTED	1999 TOTAL	1998 TOTAL
Revenue and Other Support:				
Underwriting Income	$ 291,348	$ -	$ 291,348	$ 229,299
Community Service Grant from the Corporation for Public Broadcasting	946,366	-	946,366	894,408
Membership Support from Friends of Louisiana Public Broadcasting, Inc.	-	1,127,137	1,127,137	1,095,745
Louisiana Public Broadcasting Special Projects and Local Productions	893,400	55,771	949,171	635,305
Louisiana Public Broadcasting Trust Fund	308,063	-	308,063	457,365
Other Income	124	-	124	936
Interest and Dividend Income (Net of Expenses of $24,265)	358,627	-	358,627	369,873
Net Realized and Unrealized Gains (Losses), Including Capital Gains Reinvested	395,730	-	395,730	553,075
Federal Grants	662,753	-	662,753	396,127
Net Assets Released from Restrictions:				
Satisfaction of Restriction	1,555,884	(1,555,884)	-	-
Total Revenue and Other Support	5,412,295	(372,976)	5,039,319	4,632,133
Expenses:				
Personal Services	339,365	-	339,365	366,699
Travel	82,403	-	82,403	96,762
Operating Services	2,454,822	-	2,454,822	2,373,337
Professional Services	674,966	-	674,966	436,006
Capital Outlay/General Support	121,348	-	121,348	88,362
Total Expenses	3,672,904	-	3,672,904	3,361,166
Increase (Decrease) in Net Assets	1,739,391	(372,976)	1,366,415	1,270,967
Net Assets - Beginning of Year	7,483,158	1,436,946	8,920,104	7,649,137
Net Assets - End of Year	$9,222,549	$ 1,063,970	$10,286,519	$8,920,104

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, 1999
with comparative totals for 1998

	1999	1998
Cash Flows From Operating Activities:		
Increase in Net Assets	$ 1,366,415	$ 1,270,967
Adjustments to Reconcile Excess		
Revenue and Other Support Over Expenses		
to Cash Provided by Operating Activities:		
Depreciation	6,781	6,782
Net Realized and Unrealized (Gain) Loss		
on Marketable Securities	(395,730)	(553,075)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts/Grants Receivable	(182,104)	(92,549)
(Increase) Decrease in Due from Friends of L.P.B.	14,879	(40,069)
(Increase) Decrease in Accrued Interest Receivable	59,943	(30,409)
(Increase) Decrease in Cost of Programs Not Yet Broadcast	(5,128)	(33,521)
(Increase) Decrease in Prepaid Expense	-	39,400
Increase (Decrease) in Accounts Payable	8,588	29,238
Increase (Decrease) in Due to Louisiana Educational Television Authority	694,957	338,574
Increase (Decrease) in Deferred Support and Revenues	6,845	139,851
Net Cash Provided by Operating Activities	1,575,446	1,075,189
Cash Flows From Investing Activities:		
Purchases of Investments	(17,045,786)	(3,904,256)
Proceeds from Maturity and Sales of Investments	16,606,431	3,162,388
Net Cash Used in Investing Activities	(439,355)	(741,868)
Net Increase In Cash and Cash Equivalents	1,136,091	333,321
Cash and Cash Equivalents - Beginning of Year	545,291	211,970
Cash and Cash Equivalents - End of Year	$ 1,681,382	$ 545,291

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies -

A. Organization

The Foundation for Excellence in Louisiana Public Broadcasting (the "Foundation") was established August 7, 1992 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, 1999.

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, 1999 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, 1999, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

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 Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-For-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, 1999. 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.

N. 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.

P. Current Accounting Developments

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The provisions of this statement will be effective for the Foundation's year ending June 30, 2000. Management does not believe that the impact of adopting this statement will have a material impact on the Foundation's financial position or results of operations.

Note 2 - Cash and Cash Equivalents

The Foundation's cash and cash equivalents at June 30, 1999 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.

	CARRYING AMOUNT	BANK BALANCE
Category 1	$ 142,003	$ 100,000
Category 3	-	158,113
	142,003	258,113
Cash and Cash Equivalents Not Subject to Categorization: Money Market Mutual Funds	1,539,379	1,539,379
	$1,681,382	$1,797,492

Note 3 - Investment Securities -

The Foundation's investments at June 30, 1999 are recorded at market value and are categorized in three levels of credit risk as follows:

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 GASB codification, certain mutual funds and other 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, 1999:

	CATEGORY 1	CATEGORY 2	CATEGORY 3	COST	MARKET VALUE	UNREALIZED GAIN	UNREALIZED LOSS
U.S. Treasury Securities	$ -	$ 199,031	$ -	$ 199,031	$ 201,062	$ 2,031	$ -
U.S. Government Agency Securities	-	-	1,338,118	1,338,118	1,333,594	-	4,524
Preferred Stocks	-	-	93,431	93,431	81,000	-	12,431
Mortgage-Backed Securities	-	-	2,616,306	2,616,306	2,606,796	-	9,510
Common Stocks	-	-	4,496,347	4,496,347	4,577,324	80,977	-
	$ -	$ 199,031	$8,544,202	8,743,233	8,799,776	83,008	26,465
Investments Not Categorized:							
Mutual Fund-Equity Securities				352,683	399,738	47,055	-
Mutual Fund- U.S. Government Bonds				135,000	134,125	-	875
Meridian Horizon Fund				1,027,500	1,059,409	31,909	-
				$10,258,416	$10,393,048	$161,972	$ 27,340

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

	COST	MARKET VALUE
Within One Year	$ 199,031	$ 201,062
One Year Through Five Years	856,116	850,616
Five Years Through Ten Years	482,002	482,978
	1,537,149	1,534,656
Mutual Fund - U.S. Government Bonds	135,000	134,125
Preferred Stocks	93,431	81,000
Mortgage-Backed Securities	2,616,306	2,606,796
Common Stocks	4,496,347	4,577,324
Meridian Horizon Fund	1,027,500	1,059,409
Mutual Fund - Equity Securities	352,683	399,738
	$10,258,416	$10,393,048

Included in the caption "Net Realized and Unrealized Gains (Losses)" on the Statement of Activities are as follows: Realized Gains of $745,919, which includes capital gain distributions of $132,214, realized losses of $11,155 and the net decrease in unrealized gains at June 30, 1999 as compared to June 30, 1998 of $339,034.

Meridian Horizon Fund invests in various long-term and short-term equity positions in United States and European stocks. It also may invest in options, futures and other forms of derivative investments.

Note 4 - Fixed Assets and Depreciation -

A summary of fixed assets is as follows:

Computer Equipment	$ 33,906
Less: Accumulated Depreciation	(33,906)
	$ -

Depreciation expense for the year ended June 30, 1999 was $6,781.

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

The Louisiana Educational Television Authority d/b/a Louisiana Public Broadcasting (LPB) and Friends of Louisiana Public Broadcasting entered into a mutual agreement dated December 6, 1994. Under the terms of this agreement, cash and investments with a market value of $1,957,708 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 LPB 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, 1999, $1,127,137 was transferred to the Foundation (which includes a receivable of $257,271) under the terms of this agreement.

At June 30, 1999, $1,054,137 of temporarily restricted net assets are available for the purposes specified in these two agreements described in the preceding paragraphs.

Note 6 - Restrictions on Net Assets -

Temporarily restricted net assets are available for the following purposes:

Friends of L.P.B. Transfer Agreements	$1,054,137
Sunshine Book Contributions	9,833
	$1,063,970

Note 7 - 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.P.B. Transfer Agreements	$1,494,063
Sunshine Book Contributions	61,821
	$1,555,884

Note 8 - 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, 1999, the amount owed to L.E.T.A. for these rentals is $2,640,862 which includes $330,600 of interest earnings.

In addition, during the current year, the Foundation entered into a contract with the Louisiana Lottery Corporation to provide production and nightly distribution services for the various lottery games. All equipment used in providing these services was purchased by the Foundation on behalf of L.E.T.A. and were recorded on L.E.T.A.'s fixed asset listing. Accordingly, the net of revenue earned less expenses incurred for these services amounted to $44,279 and is considered owed to L.E.T.A. and is included in the Due to L.E.T.A. amount at June 30, 1999.

Note 9 - 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.

REQUIRED SUPPLEMENTARY INFORMATION

The Year 2000 Issue

In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. The provisions of the GASB technical bulletin, effective for financial statements on which the auditor's report is dated after October 31, 1998, requires the Foundation to make disclosures about its state of readiness in addressing the Year 2000 issues for its internal computer systems and equipment. On March 29, 1999, GASB issued Technical Bulletin 99-1 which amended the previously issued disclosure requirements allowing for the disclosure to be made in the required supplementary information (RSI). *"This disclosure is written pursuant to the Year 2000 Information and Readiness Disclosure Act, Public Law No. 105-271, 112 Stat. 2386 (1998)."*

The Year 2000 Issue is the result of shortcomings in electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond.

The following stages have been identified by the GASB as necessary to implement a Year 2000-compliant system:

Awareness Stage - In this first stage, an organization establishes a budget and project plan (for example, a time line or chart noting major tasks and due date) for dealing with the Year 2000 issue.

Assessment Stage - While in this stage, an organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. An organization may decide to review all system components for Year 2000 compliance or, through a risk analysis, identify only mission-critical systems and equipment-systems and equipment critical to conducting operations to check compliance.

Remediation Stage - During this stage, an organization actually makes changes to systems and equipment. This stage involves the technical issues of converting existing systems, or switching to compliant systems. Decisions are made on how to make the system or processes Year 2000 compliant, and the required system changes are made.

Validation/Testing Stage - At this stage, an organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and re-tested.

The Foundation is aware of the problems associated with the Year 2000 and have assessed their equipment and software and are in the process of testing their computer system. Management expects to incur no additional expenses relating to Year 2000 Compliance.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Foundation is or will be Year 2000 ready, that the Foundation's remediation efforts will be successful in whole or in part, or that parties with whom the Foundation does business will be Year 2000 ready.

OTHER SUPPLEMENTARY INFORMATION

Foundation for Excellence in Louisiana Public Broadcasting

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1999
with comporative totals for 1998

	PROGRAM SERVICES			
	PROGRAMMING AND PRODUCTION	BROADCASTING COST	PROGRAM INFORMATION	TOTAL PROGRAM SERVICES
Personal Services	$ 287,570	$ 2,072	$ -	$ 289,642
Travel	35,563	737	36	36,336
Operating Services	1,864,043	246,866	97,959	2,208,868
Professional Services	622,434	13,699	-	636,133
Capital Outlay	61,967	17,200	-	79,167
Total Expenses	$2,871,577	$ 280,574	$ 97,995	$3,250,146

See auditor's report.

MANAGEMENT AND GENERAL	TOTAL EXPENSES 1999	1998
$ 49,723	$ 339,365	$ 366,699
46,067	82,403	96,762
245,954	2,454,822	2,373,337
38,833	674,966	436,006
42,181	121,348	88,362
$422,758	$3,672,904	$3,361,166

Foundation for Excellence in Louisiana Public Broadcasting

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 1999

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNT	FEDERAL EXPENDITURES
U.S. Department of Education			
Adult Education Step Program	84.002	$ 72,424	$ 11,660
Adult Education Step Program	84.002	60,555	43,439
Governor's Drug Free Program	84.186A	21,000	20,507
Carl D. Perkins Vocational and Applied Technology Grant	84.048	125,500	34,539
Passed Through the School Board of the City of Norfolk, Virginia:			
Technology Challenge Grant	84.002	132,960	52,129
Technology Challenge Grant	84.002	132,960	79,936
Passed Through Satellite Educational Resources Consortium:			
Project Recall	84.203A	147,500	48,101
Project Recall	84.203A	147,500	74,172
Environmental Tackle Box	84.203A	255,000	153,480
Environmental Tackle Box	84.203A	323,000	102,918
Passed Through Los Angeles County Office of Education:			
Teams Distance Learning	84.203A	20,000	8,726
Total U.S. Department of Education			629,607
U.S. Department of Agriculture			
Urban and Community Forestry Assistance	10.664	95,008	32,038
Total U.S. Department of Agriculture			32,038
National Urban League			
Passed Through Louisiana Educational Television Authority:			
Rate for Calculating Change	N/A	2,000	1,108
Total National Urban League			1,108
Total Federal Assistance			$662,753

See auditor's report.

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

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August 5, 1999

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, 1999, and have issued our report thereon dated August 5, 1999. 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 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 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 5, 1999.

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,

Hannis T. Bourgeois, L.L.P.

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

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie E. Stamper, CPA*
Fernand P. Genre, CPA*
Stephen M. Huggins, CPA*
Monica L. Zumo, CPA*
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1111 S. Range Avenue, Suite 101
Denham Springs, LA 70726

August 5, 1999

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 its major federal program for the year ended June 30, 1999. The Foundation's major federal program is 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 its major federal program 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*. Those 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 those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

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 OMB 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,

Hannis T. Bourgeois, L.L.P.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Foundation for Excellence in Louisiana Public Broadcasting

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 1999

(1) 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 program was determined to be Type B major programs:

	C.F.D.A. Number
• Environmental Tackle Box	84.203A

* The dollar threshold used to distinguish between Type A and Type B programs was $300,000 as specified under Section .520(b).
* The Foundation qualified as a low risk auditee under Section .530.

(CONTINUED)

Foundation for Excellence in Louisiana Public Broadcasting

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

for the year ended June 30, 1999

U.S. Department of Education

FINDING 1998-1: Technology Challenge Grant-CFDA #84.002

Condition:	It was noted, in the prior year, that the quarterly federal cash transactions report (Form 272) for the quarter ended March 31, 1998 was filed incorrectly. Cash receipts received under the previous grant were incorrectly reported under the new grant due to a misposting in the general ledger.
Recommendation:	We recommended that management more closely monitor the posting of grant receipts so that receipts are posted to the proper grant and proper grant period. We also recommended that an amended report for the quarter ended March 31, 1998 be prepared and submitted to the grantor.
Grant Status:	Monitoring procedures were implemented in September 1998. Also, an amended report was prepared and submitted to the grantor.

FOUNDATION FOR EXCELLENCE IN LOUISIANA PUBLIC BROADCASTING

MANAGEMENT LETTER

JUNE 30, 1999

Hannis T. Bourgeois, L.L.P.

Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie E. Stamper, CPA*
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1111 S. Range Avenue, Suite 101
Denham Springs, LA 70726

August 5, 1999

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 (a component unit of Louisiana Education Television Authority) for the year ended June 30, 1999, 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
FINDING:

In the prior years 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.

EXPENSES

FINDING:

During the prior year, it was noted that the expenses on the Master Cost Center Report had not been reconciled to the general ledger expense accounts.

RECOMMENDATION:

We recommended 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.

CORRECTIVE ACTION TAKEN:

During the current year, it was noted that the "Master Cost Center Report" was reconciled to the general ledger as of June 30, 1999. However, the "Master Cost Center Report" and the general ledger are still not integrated.

ADDITIONAL RECOMMENDATION:

Although the "Master Cost Center Report" and the general ledger were in balance at June 30, 1999, we again recommend that the general ledger and the "Master Cost Center Report" be integrated to simplify the reconciliation process.

FINDING:

During the current year, we noted that salary and related benefit amounts reported as in kind matching contributions on various grants were based upon budgeted amounts.

RECOMMENDATION:

We recommend that documentation, such as timesheets, be maintained to substantiate these amounts being recorded as in-kind matching contributions. The tracking of actual time spent on the various projects will ensure the Foundation that the employee's time is not being charged in excess of one-hundred percent.

REVENUES

FINDING:

As noted in the prior year and again in the current year, 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 again 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.

CASH RECEIPTS
FINDING:

During the current year audit, it was noted that monies received were not being deposited into the bank on a timely basis. Based on our discussion with your personnel, it was noted that deposits are generally made only once every two weeks.

RECOMMENDATION:

We recommend that in the future any monies received be deposited into the bank on a much more frequent basis (at least every couple of days, if not daily). By implementing these procedures, internal controls over cash receipts would be greatly strengthened.

CASH DISBURSEMENTS
FINDING:

During our testing of current year cash disbursements, it was noted that 7 of the 25 items selected in our random sample had no evidence of approval on the invoice. In accordance with the Foundation's stated policy, an authorized check signer signed the check and should have reviewed the invoice prior to signing it.

RECOMMENDATION:

We recommend that management adhere to its internal control policies in that all invoices are properly approved prior to the check being signed. By adhering to this policy, internal control over cash disbursements would be greatly strengthened.

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.

Respectfully submitted,

Hannis T. Bourgeois, L.L.P.

LOUISIANA
PUBLIC
BROADCASTING
7733 Perkins Road
Baton Rouge, LA 70810
www.lpb.org

September 29, 1999

Ms. Celeste Viator, C.P.A.
Hannis T. Bourgeois & Co., L.L.P.
2322 Tremont Drive, Suite 200
Baton Rouge, LA 70809-1487

RE: FELPB Audit ending June 30, 1998; Integrated Accounting Software

Dear Ms. Viator:

In response to the audit finding concerning general ledger software with the subsidiary ledgers and the reconciliation of the Master Cost Center report, the process of augmenting the accounting software code is complete and the initiation of the new software is scheduled to take place on November 11, 1999.

In response to the audit finding concerning the in-kind matching contributions, tracking "time sheet" forms have been drawn up and will be utilized beginning on the first day of the federal fiscal year, October 1, 1999, for all open federal grants.

In response to the audit finding concerning adjustment to the revenue schedules, staff will utilize a cross check procedure and exercise more caution in balancing and calculating earned revenue.

In response to the audit finding concerning timely deposit of monies into the foundation checking account, a three business day deposit schedule has been instituted for amounts under $10,000 and receipts totaling over $10,000 will be deposited daily.

In response to the audit finding concerning purchase order authorizations, additional procedures have been implemented to assure additional approval of said items.

Sincerely,

Thomas Bernadas
Administrative Director