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**Futures Foundation, Inc.  
Shreveport, Louisiana**

**Financial Statements**

**As of and for the Years Ended June 30, 1999 and 1998**

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

Release Date JAN 7 2 2000

Futures Foundation, Inc.  
Shreveport, Louisiana

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## Independent Auditors' Report

To the Board of Directors  
Futures Foundation, Inc.  
Shreveport, Louisiana

We have audited the accompanying statements of financial position of Futures Foundation, Inc., (a nonprofit corporation) as of June 30, 1999 and 1998, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Futures Foundation, Inc., as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 1999 on our consideration of Futures Foundation, Inc.'s internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the financial statements of Futures Foundation, Inc. taken as a whole. The accompanying supplemental information schedule listed in the table of contents and shown on page 12 is presented for the purpose of additional analysis and is not a required part of the financial statements. The information in the schedule has been subjected to the procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
December 15, 1999

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Statements of Financial Position  
 June 30, 1999 and 1998

|   | 1999      | 1998      |
|---|-----------|-----------|
| <b>Assets</b>                           |           |           |
| <b>Current assets:</b>                  |           |           |
| Cash                                    | \$ 9,486  | \$ 9,481  |
| <b>Property and equipment:</b>          |           |           |
| Property and equipment                  | 50,421    | 48,271    |
| Accumulated depreciation                | (38,759)  | (34,003)  |
| <b>Net property and equipment</b>       | 11,662    | 14,268    |
| <b>Total Assets</b>                     | \$ 21,148 | \$ 23,749 |
| <br><b>Liabilities and Net Assets</b>   |           |           |
| <b>Current liabilities:</b>             |           |           |
| Accounts payable                        | \$ 5,301  | \$ 7,024  |
| Accrued expenses                        | 899       | 2,800     |
| Refundable advances                     | 7,006     | 795       |
| <b>Total current liabilities</b>        | 13,206    | 10,619    |
| <b>Net assets</b>                       |           |           |
| Unrestricted:                           |           |           |
| Operating                               | (3,720)   | (1,138)   |
| Fixed assets                            | 11,662    | 14,268    |
| <b>Total net assets</b>                 | 7,942     | 13,130    |
| <b>Total Liabilities and Net Assets</b> | \$ 21,148 | \$ 23,749 |

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

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Statements of Activities  
 For the Years Ended June 30, 1999 and 1998

|                                    | Unrestricted    |                  |
|------------------------------------|-----------------|------------------|
|                                    | 1999            | 1998             |
| <b>Revenues and Other Support:</b> |                 |                  |
| Grant revenue                      | \$ 218,787      | \$ 224,205       |
| Miscellaneous                      |                 | 2,500            |
| Interest income                    | 113             | 1,589            |
|                                    | <u>218,900</u>  | <u>228,294</u>   |
| <b>Expenses:</b>                   |                 |                  |
| General and administrative         | 572             | 327              |
| Student referral center            | 223,516         | 230,303          |
|                                    | <u>224,088</u>  | <u>230,630</u>   |
| Change in net assets               | (5,188)         | (2,336)          |
| Net assets as of beginning of year | 13,130          | 15,466           |
| Net assets as of end of year       | <u>\$ 7,942</u> | <u>\$ 13,130</u> |

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

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Statements of Functional Expenses  
 For the Years Ended June 30, 1999 and 1998

|                       | 1999                          |                                  |            |
|-----------------------|-------------------------------|----------------------------------|------------|
|                       | Student<br>Referral<br>Center | General<br>and<br>Administrative | Total      |
| Personnel             | \$ 155,638                    |                                  | \$ 155,638 |
| Fringe benefits       | 18,007                        |                                  | 18,007     |
| Materials/Supplies    | 4,702                         |                                  | 4,702      |
| Telephone and Postage | 1,229                         |                                  | 1,229      |
| Contractual           | 18,235                        |                                  | 18,235     |
| Travel                | 3,659                         |                                  | 3,659      |
| Rent                  | 12,000                        |                                  | 12,000     |
| Insurance             | 1,901                         |                                  | 1,901      |
| Other                 | 3,417                         | 107                              | 3,524      |
| Equipment             | 437                           |                                  | 437        |
| Depreciation          | 4,291                         | 465                              | 4,756      |
| Total expenses        | \$ 223,516                    | \$ 572                           | \$ 224,088 |

|                       | 1998                          |                                  |            |
|-----------------------|-------------------------------|----------------------------------|------------|
|                       | Student<br>Referral<br>Center | General<br>and<br>Administrative | Total      |
| Personnel             | \$ 168,778                    |                                  | \$ 168,778 |
| Fringe benefits       | 19,936                        |                                  | 19,936     |
| Materials/Supplies    | 3,270                         |                                  | 3,270      |
| Telephone and Postage | 742                           |                                  | 742        |
| Contractual           | 15,760                        |                                  | 15,760     |
| Travel                | 200                           |                                  | 200        |
| Rent                  | 12,000                        |                                  | 12,000     |
| Insurance             | 220                           |                                  | 220        |
| Food/Catering         | 564                           |                                  | 564        |
| Other                 | 2,735                         | (56)                             | 2,679      |
| Depreciation          | 6,098                         | 383                              | 6,481      |
| Total expenses        | \$ 230,303                    | \$ 327                           | \$ 230,630 |

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

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Statements of Cash Flows  
 For the Years Ended June 30, 1999 and 1998

|  | 1999       | 1998       |
|--|------------|------------|
| <b>Operating Activities:</b>   |            |            |
| Change in net assets   | \$ (5,188) | \$ (2,336) |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |            |            |
| Depreciation   | 4,756      | 6,481      |
| (Increase) decrease in operating assets:   |            |            |
| Grant receivable   |            | 7,130      |
| Increase (decrease) in operating liabilities:  |            |            |
| Accounts payable   | (1,723)    | (22,803)   |
| Accrued expenses   | (1,901)    | 819        |
| Refundable advances  | 6,211      | (3,982)    |
| Net cash provided by (used in) operating activities  | 2,155      | (14,691)   |
| <b>Investing Activities:</b>   |            |            |
| Payments for property and equipment  | (2,150)    | (699)      |
| Net cash used in investing activities  | (2,150)    | (699)      |
| Net increase (decrease) in cash  | 5          | (15,390)   |
| Cash as of beginning of year   | 9,481      | 24,871     |
| Cash as of end of year   | \$ 9,486   | \$ 9,481   |

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

Futures Foundation, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Futures Foundation, Inc. (Futures Foundation), is a private nonprofit organization incorporated under the laws of the State of Louisiana. Futures Foundation is governed by a Board of Directors composed of six members.

Futures Foundation provides a supervised environment for students who have been suspended and/or expelled from local schools. The agency's support comes primarily from a contractual arrangement with a governmental agency. The following contract was operated by Futures Foundation during the year:

**Student Referral Center** – Provides educational instruction to youth that have been expelled or suspended from the Caddo Parish School System; provides after school tutorial programs; and provides summer enrichment programs. Funding is provided by state funds from the State of Louisiana, Department of Education.

B. Basis of Accounting

The financial statements of Futures Foundation have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, Futures 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.

D. Income Tax Status

Futures Foundation is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization other than a private foundation. However, income from activities not directly related to Futures Foundation's tax-exempt purpose is subject to taxation as unrelated business income. Futures Foundation had no such income for this audit period.

(Continued)

Futures Foundation, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

Futures Foundation's cash, as stated for cash flow purposes, consists of interest-bearing and non-interest-bearing bank accounts. Futures Foundation has no other assets that are considered cash equivalents.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful life of the asset. The state government has a reversionary interest in property purchased with state funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to state regulations.

H. 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.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

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 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.

(Continued)

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 1999 and 1998  
 (Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Futures Foundation to concentrations of credit risk consist principally of temporary cash investments and grants receivable. Concentrations of credit risk with respect to grants receivable is limited due to the amounts being due from governmental agencies under contractual terms. As of June 30, 1999 and 1998, Futures Foundation had no significant concentrations of credit risk in relation to grants receivable.

Futures Foundation maintains its cash balances at a local financial institution located in their service delivery area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 1999 and 1998 there were no uninsured balances at those institutions.

(3) Property and Equipment

Property and equipment consisted of the following at June 30, 1999 and 1998:

|                                | Estimated<br>Depreciable<br>Life | 1999             | 1998             |
|--------------------------------|----------------------------------|------------------|------------------|
| Furniture and equipment        | 5-10 years                       | \$ 50,421        | \$ 48,271        |
| Less: Accumulated Depreciation |                                  | ( 38,759)        | ( 34,003)        |
| Net Book Value                 |                                  | <u>\$ 11,662</u> | <u>\$ 14,268</u> |

Depreciation expense for the years ended June 30, 1999 and 1998 was \$4,756 and \$6,481, respectively.

(Continued)

Futures Foundation, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 1999 and 1998  
(Continued)

(4) Refundable Advances

Futures Foundation records state funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(5) Grants Revenue

During the years ended June 30, 1999 and 1998, Futures Foundation received contractual revenue from state grants in the amount of \$218,787 and \$224,205, respectively. The continued existence of these funds are based on annual contract renewals with funding sources.

(6) Leases

Futures Foundation leases certain property and equipment under operating leases. Rental costs on those items for the year ended June 30, 1999 and 1998 were \$13,224 and \$10,692, respectively. There were no leases at June 30, 1999, with remaining, non— cancellable lease terms in excess of one year.

**Supplemental Schedule Prepared for  
Grant and Contract Analysis**

Futures Foundation, Inc.  
 Shreveport, Louisiana  
 Student Referral Center  
 CFMS #538723

Schedule of Revenues, Expenses and Changes in Fund Balance  
 For the Contract Period: July 1, 1998 to June 30, 1999

|                              | Budget  | Actual     | Actual<br>(Over) Under<br>Budget |
|------------------------------|---------|------------|----------------------------------|
| <b>Revenue:</b>              |         |            |                                  |
| Contract revenue             |         | \$ 225,000 |                                  |
| Total revenues               |         | 225,000    |                                  |
| <b>Expenses:</b>             |         |            |                                  |
| Salaries                     | 153,643 | 155,638    | (1,995)                          |
| Fringe benefits              | 23,171  | 18,007     | 5,164                            |
| Travel                       |         | 3,659      | (3,659)                          |
| Equipment rental and repairs | 2,136   | 1,696      | 440                              |
| Consumable supplies          | 7,566   | 4,702      | 2,864                            |
| Operating services           | 34,108  | 33,130     | 978                              |
| Miscellaneous                | 4,376   | 4,543      | (167)                            |
| Total expenses               | 225,000 | 221,375    | 3,625                            |
| Excess revenue (expenses)    |         | 3,625      |                                  |

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## Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors  
Futures Foundation, Inc.  
Shreveport, Louisiana

We have audited the financial statements of Futures Foundation, Inc. as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 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.

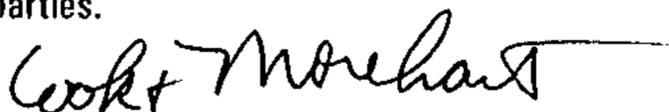
### Compliance

As part of obtaining reasonable assurance about whether Futures Foundation, Inc.'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 disclose 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 Futures Foundation, Inc. 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 a material weakness. 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.

This report is intended solely for the information and use of the Board of Directors, management, and the various funding sources of the Agency and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart  
Certified Public Accountants  
December 15, 1999

Futures Foundation, Inc.  
Shreveport, Louisiana  
Summary Schedule of Audit Findings  
Schedule for Louisiana Legislative Auditor  
June 30, 1999

**Summary Schedule of Prior Audit Findings**

There were no findings or management letter comments for the prior year audit for the year ended June 30, 1998.

**Corrective Action Plan for Current Year Audit Findings**

There were no findings or management letter comments for the current year audit for the year ended June 30, 1999.