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**Build The Future, Inc.
Baton Rouge, Louisiana
June 30, 1999**

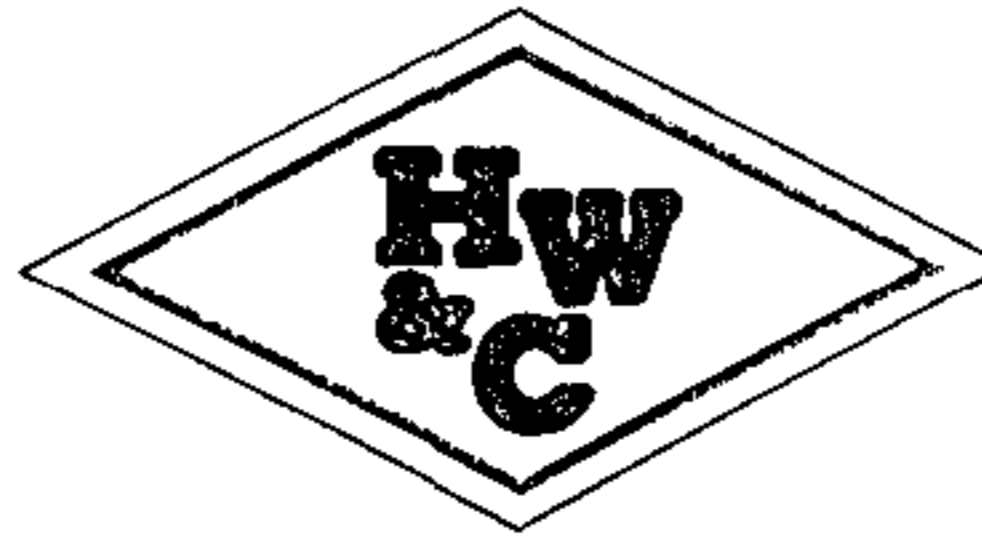
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate,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

Release Date JAN 12 2000

Table of Contents

Independent Auditor's Report	Page 3
Financial Statements	
Statement of Financial Position	Page 5
Statement of Activities and Changes in Net Assets	Page 6
Statement of Functional Expenses	Page 7
Statement of Cash Flows	Page 10
Notes to Financial Statements	Page 11
Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed In Accordance With <u>Government Auditing Standards</u>	Page 13

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ROBERT J. ZURNIHL, C.P.A.
RETIRED
GABRIEL HANCOCK, C.P.A.
RETIRED

December 29, 1999

Independent Auditor's Report

Board of Directors
Build The Future, Inc.
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statement of financial position of

**Build The Future, Inc.
Baton Rouge, Louisiana**

as of June 30, 1999 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Build The Future, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Build The Future, Inc. has not presented the disclosures required by Governmental Accounting Standards board Technical Bulletin 98-1, "Disclosures about Year 2000 Issues", as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that Build The Future, Inc. is or will be year 2000 compliant, that Build The Future, Inc.'s year 2000 remediation efforts will be successful in whole or in part, or that parties with which Build The Future, Inc. does business will be year 2000 compliant.

In accordance with Government Auditing Standards, we have also issued a report dated December 29, 1999, on our consideration of Build The Future, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly,

Hawthorn, Waymouth & Caswell, L.L.P.

Build The Future, Inc.
Statement of Financial Position
June 30, 1999

A s s e t s

Current Assets

Cash	
Louisiana Business Partnership	\$8,483
Business Training	<u>6,664</u>
	15,147
Contract receivable	12,043
Deferred charge	<u>12,124</u>
	<u>39,314</u>

Noncurrent Assets

Computer equipment	109,161
Furniture	10,517
Leasehold improvements	<u>173,000</u>
	292,678
Less accumulated depreciation	<u>36,285</u>
	<u>256,393</u>

Total assets 295,707

Liabilities and Net Assets

Net Assets

Unrestricted	<u>295,707</u>
<u>Total liabilities and net assets</u>	<u>295,707</u>

The accompanying notes are an integral part of these statements.

Build The Future, Inc.
Statement of Activities
Year Ended June 30, 1999

	Unrestricted		
	Louisiana Business Partnership	Business Training	Total
Public Support and Revenue			
State contract	\$1,127,401		\$1,127,401
Interest income	1,922	\$40	1,962
Contribution		5,000	5,000
Training fees	<u> </u>	<u>1,709</u>	<u>1,709</u>
<u>Total public support and revenue</u>	<u>1,129,323</u>	<u>6,749</u>	<u>1,136,072</u>
Expenses			
Salaries/contract personnel	188,021		188,021
Personnel travel	12,999		12,999
Publicity/marketing	34,999		34,999
Operating expenses	104,683		104,683
Office equipment	17,252		17,252
Professional services	15,246		15,246
Rewards/incentives	513,452		513,452
Fee	<u> </u>	<u>85</u>	<u>85</u>
<u>Total expenses</u>	<u>886,652</u>	<u>85</u>	<u>886,737</u>
Increase in Net Assets	242,671	6,664	249,335
Net Assets, beginning of period	<u>46,372</u>	<u> </u>	<u>46,372</u>
Net Assets, end of period	<u>289,043</u>	<u>6,664</u>	<u>295,707</u>

The accompanying notes are an integral part of these statements.

Build The Future, Inc.
Statement of Functional Expenses
Year Ended June 30, 1999

	<u>Louisiana Business Partnership</u>				
	<u>Supporting</u>	<u>Program</u>		<u>Business</u>	
	<u>Services</u>	<u>Services</u>	<u>Total</u>	<u>Training</u>	<u>Total</u>
Salaries/Contract Personnel					
Executive director		\$57,243	\$57,243		\$57,243
Office manager		18,672	18,672		18,672
Assess/curriculum coordinator		18,000	18,000		18,000
Data entry coordinator		18,021	18,021		18,021
Manager training		47,692	47,692		47,692
Project Director Assistant		8,030	8,030		8,030
Houma Office Coordinator		4,333	4,333		4,333
Student receptionist		2,688	2,688		2,688
Trainer/Coordinator - Houma		6,446	6,446		6,446
Payroll taxes		<u>6,896</u>	<u>6,896</u>		<u>6,896</u>
		<u>188,021</u>	<u>188,021</u>		<u>188,021</u>
Personnel Travel					
Executive Director		3,253	3,253		3,253
Project manager		2,676	2,676		2,676
Assess/curriculum coordinator		2,808	2,808		2,808
Trainer/coordinator - Houma		1,607	1,607		1,607
Training director		2,387	2,387		2,387
Miscellaneous contract personnel		<u>268</u>	<u>268</u>		<u>268</u>
		<u>12,999</u>	<u>12,999</u>		<u>12,999</u>
Publicity/Marketing					
Seal design/production		13,663	13,663		13,663
Miscellaneous publicity		<u>21,336</u>	<u>21,336</u>		<u>21,336</u>
		<u>34,999</u>	<u>34,999</u>		<u>34,999</u>
(Continued - amounts carried forward)		<u>236,019</u>	<u>236,019</u>		<u>236,019</u>

The accompanying notes are an integral part of these statements.

Build The Future, Inc.
Statement of Functional Expenses
Year Ended June 30, 1999

	<u>Louisiana Business Partnership</u>				
	<u>Supporting</u>	<u>Program</u>		<u>Business</u>	
	<u>Services</u>	<u>Services</u>	<u>Total</u>	<u>Training</u>	<u>Total</u>
(Continued - amounts brought forward)		<u>\$236,019</u>	<u>\$236,019</u>		<u>\$236,019</u>
Operating Expenses					
Insurance	\$22,139		\$22,139		\$22,139
Telephone	10,362		10,362		10,362
Equipment maintenance	3,409		3,409		3,409
Postage	1,773		1,773		1,773
Printing	11,090		11,090		11,090
Moving and cleaning	4,662		4,662		4,662
Security alarms	2,011		2,011		2,011
Rent	1,500		1,500		1,500
Internet/web site	707		707		707
Office supplies	8,542		8,542		8,542
Miscellaneous	1,051		1,051		1,051
Rent/utilities/parking/copier	12,318		12,318		12,318
Depreciation	<u>25,119</u>		<u>25,119</u>		<u>25,119</u>
	<u>104,683</u>		<u>104,683</u>		<u>104,683</u>
Office Equipment					
Computers, software and pagers	11,176		11,176		11,176
Miscellaneous office equipment	5,776		5,776		5,776
Furniture lease	<u>300</u>		<u>300</u>		<u>300</u>
	<u>17,252</u>		<u>17,252</u>		<u>17,252</u>
Professional Services					
Accounting	13,010		13,010		13,010
Professional publications	<u>2,236</u>		<u>2,236</u>		<u>2,236</u>
	<u>15,246</u>		<u>15,246</u>		<u>15,246</u>
(Continued - amounts brought forward)	<u>137,181</u>	<u>236,019</u>	<u>373,200</u>		<u>373,200</u>

The accompanying notes are an integral part of these statements.

Build The Future, Inc.
Statement of Functional Expenses
Year Ended June 30, 1999

	<u>Louisiana Business Partnership</u>				
	<u>Supporting</u>	<u>Program</u>	<u>Total</u>	<u>Business</u>	<u>Total</u>
	<u>Services</u>	<u>Services</u>		<u>Training</u>	
(Continued - amounts brought forward)	<u>\$137,181</u>	<u>\$236,019</u>	<u>\$373,200</u>		<u>\$373,200</u>
Rewards/Incentives					
Administrative					
Reward/Recognition Program		<u>279</u>	<u>279</u>		<u>279</u>
Teacher/Student Incentives					
Substitute teacher pay		3,002	3,002		3,002
Teacher/administrator training		26,887	26,887		26,887
Travel reimbursements					
teachers/administrative		54	54		54
Teachers professional training		<u>793</u>	<u>793</u>		<u>793</u>
		<u>30,736</u>	<u>30,736</u>		<u>30,736</u>
Student Incentive					
Technology/equipment		153,559	153,559		153,559
Students State/National Conferences		173,367	173,367		173,367
International students		1,185	1,185		1,185
Money Sense Program		3,000	3,000		3,000
Professional training		1,523	1,523		1,523
State Officer training		5,690	5,690		5,690
International marketing project/travel		98,988	98,988		98,988
Student blazers		3,638	3,638		3,638
End of year celebration		<u>9,872</u>	<u>9,872</u>		<u>9,872</u>
		<u>450,822</u>	<u>450,822</u>		<u>450,822</u>
Retail Learning Center					
Computer software		13,933	13,933		13,933
Equipment		5,577	5,577		5,577
Training		8,392	8,392		8,392
Implementation		<u>3,713</u>	<u>3,713</u>		<u>3,713</u>
		<u>31,615</u>	<u>31,615</u>		<u>31,615</u>
<u>Total rewards/incentives</u>	<u> </u>	<u>513,452</u>	<u>513,452</u>		<u>513,452</u>
Business Training					
Fee				<u>\$85</u>	<u>85</u>
<u>Total functional expenses</u>	<u>137,181</u>	<u>749,471</u>	<u>886,652</u>	<u>85</u>	<u>886,737</u>

The accompanying notes are an integral part of these statements.

Build The Future, Inc.
Statement of Cash Flows
Year Ended June 30, 1999

	<u>Unrestricted</u>
Operating Activities	
Increase in net assets	\$249,335
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation	25,119
(Increase) in contract receivable	(3,260)
(Increase) in deferred charge	(12,124)
(Decrease) in accounts payable	(60,291)
(Decrease) in accrued liabilities	<u>(12,551)</u>
<u>Net cash provided by operating activities</u>	186,228
Cash Flows from Investing Activities	
Purchase of equipment	<u>(243,302)</u>
Net (Decrease) in Cash and Cash Equivalents	(57,074)
Cash and Cash Equivalents, beginning of period	<u>72,221</u>
Cash and Cash Equivalents, end of period	<u><u>15,147</u></u>

The accompanying notes are an integral part of these statements.

Build The Future, Inc.
Notes to Financial Statements
June 30, 1999

Note 1-Summary of Accounting Policies

A. Nature and Purpose

Build The Future, Inc. (the Organization) is a not-for-profit organization formed August 13, 1996 for educational purposes, including education and awareness of retail industry employability skills that enhance workforce development. The Organization is a party to a cooperative endeavor agreement with the Louisiana Department of Economic Development, a Louisiana Public Corporation, for the purpose of administering enhancements to current or future marketing education in Louisiana high schools by creating a competitive learning environment that promotes and encourages national retail skill standards and establishes, maintains and operates a Retail Learning Center to promote and support national retail skill standards. Revenues are derived from a contract with the Louisiana Department of Economic Development. The Organization also provides training to individuals on a fee basis through its Business Training division.

B. Method of Accounting

The financial statements of the Organization are prepared on the accrual basis recording revenue when earned and expenditures when incurred.

C. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

D. Presentation of Statement of Cash Flows

The Organization deposits its cash in a Corporate Cash Sweep account and the bank transfers funds to the Organization's checking account as needed. The Sweep account is invested in U.S. Treasury Securities. For purposes of the Statement of Cash Flows, the Organization considers cash in the Sweep account to be cash equivalents.

E. Income Taxes

Build The Future, Inc. is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and is not classified as a private foundation.

Build The Future, Inc.
Notes to Financial Statements
June 30, 1999

Note 1-Summary of Accounting Policies (Continued)

F. Noncurrent Assets

Equipment is recorded at cost; or, if donated, at fair market value at date of donation. Depreciation is provided for, principally on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives.

G. Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of cash. The Organization places its cash with high quality institutions. At times such amounts may be in excess of the FDIC insurance limits.

H. Concentration in Operations

The Organization has a significant concentration in the volume of revenue it receives. Its revenue is from a single contract with the Louisiana Department of Economic Development.

Note 2-Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefitted.

Note 3-Operating Lease

The Organization entered into an operating lease agreement August 21, 1998, for free use of office facilities, expiring December 21, 2001.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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RETIRED
ROBERT J. ZERINOTT, C.P.A.
RETIRED
CARL L. HANCOCK, C.P.A.
RETIRED

December 29, 1999

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Board of Directors
Build The Future, Inc.
Baton Rouge, Louisiana

Gentlemen:

We have audited the financial statements of Build The Future, Inc. as of and for the year ended June 30, 1999, and have issued our report thereon dated December 29, 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 Build The Future, 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards. The audit report was delayed past the required date of September 30, 1999, because management was under the impression the report was due December 31, 1999, under the state reporting law. Management is now aware of the due date and will abide by the filing requirement in future years.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Build The Future, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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.

This report is intended for the information of management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.