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LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

DECEMBER 31, 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 8-11-99





LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

DECEMBER 31, 1998



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Postlethwaite & Netterville

A Professional Accounting Corporation

8550 United Plaza Blvd., Suite 1001 • Baton Rouge, Louisiana 70809
Telephone (225) 922-4600 • FAX (225) 922-4611
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Resource Center for Educators
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Louisiana Resource Center for Educators as of December 31, 1998, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 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 Louisiana Resource Center for Educators as of December 31, 1998, and its activities and cash flows for the year then ended in conformity with generally accepted accounting principles.

Postlethwaite & Netterville

Baton Rouge, Louisiana
July 29, 1999

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LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1998

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 129,335
Investment - Mutual Funds	14,502
Accounts receivable	18,046
Total current assets	<u>161,883</u>

PROPERTY AND EQUIPMENT - at cost

Furniture and equipment	145,086
Building improvements	139,994
Library	14,084
	<u>299,164</u>
Less: Accumulated depreciation	(42,064)
	<u>257,100</u>

Total Assets \$ 418,983

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 24,277
Total current liabilities	<u>24,277</u>

NET ASSETS

Unrestricted	296,196
Temporarily Restricted	98,510
Total net assets	<u>394,706</u>

Total Liabilities and Net Assets \$ 418,983

The accompanying notes are an integral part of this statement.



LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES
DECEMBER 31, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Public support	\$ 78,761	\$ 197,133	\$ 275,894
Grant from Governmental agency	86,830	433,194	520,024
Program service fees	51,935	-	51,935
Interest income	3,296	-	3,296
Miscellaneous	9,640	-	9,640
Total support and revenue	<u>230,462</u>	<u>630,327</u>	<u>860,789</u>
Net assets released from restriction	<u>591,817</u>	<u>(591,817)</u>	<u>-</u>
 Total other support	 <u>822,279</u>	 <u>38,510</u>	 <u>860,789</u>
 Expenses:			
Program Services	356,934	-	356,934
Management and general	193,770	-	193,770
Fund raising	8,002	-	8,002
Total expenses	<u>558,706</u>	<u>-</u>	<u>558,706</u>
 Increase in net assets	 <u>263,573</u>	 <u>38,510</u>	 <u>302,083</u>
 Net assets at beginning of year, as previously reported	 32,623	 -	 32,623
Effect of restatement (Note 6)	<u>-</u>	<u>60,000</u>	<u>60,000</u>
 Net assets at beginning of year, as restated	 <u>32,623</u>	 <u>60,000</u>	 <u>92,623</u>
 Net assets at end of year	 <u>\$ 296,196</u>	 <u>\$ 98,510</u>	 <u>\$ 394,706</u>

The accompanying notes are an integral part of this statement.



LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 302,083
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	41,824
Changes in operating assets and liabilities:	
Accounts receivable	(18,046)
Other assets	965
Accounts payable and other accrued liabilities	8,717
Net cash provided by operating activities	<u>335,543</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of equipment	(293,054)
Proceeds from maturities of short-term investments	56,222
Net cash used in investing activities	<u>(236,832)</u>

Net increase in cash and cash equivalents	98,711
Cash and cash equivalents - beginning of year	<u>30,624</u>
Cash and cash equivalents - end of year	<u>\$ 129,335</u>

The accompanying notes are an integral part of this statement.



LOUISIANA RESOURCE CENTER FOR EDUCATORS

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Purpose

Louisiana Resource Center for Educators, formerly known as Friends of Environmental Education, Inc., is a non-profit organization organized to receive and administer funds exclusively for charitable and educational purposes, namely responding to the needs of Louisiana educators, students, and citizens by providing innovative opportunities in the areas of science, mathematics, technology, and environmental education. The sources of income to the Organization include donations (public support), grants from governmental agencies, and fees charged for workshops.

Basis of Accounting and Reporting

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence 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 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. The Organization does not have permanently restricted net assets at December 31, 1998.

Property and Equipment

Property and equipment is recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized.

LOUISIANA RESOURCE CENTER FOR EDUCATORS

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies – (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. During the year ended December 31, 1998, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Donated Facilities

Donated materials and equipment are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt.

Contributed Facilities

The Organization operates, with a minimal charge, certain premises upon which their office is located. The estimated fair rental value of the premises is reported as support and expense in the year in which the premises are used.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include all highly liquid debt instruments and certificates of deposit with original maturities of three months or less.

Investments

Investments in all debt and equity securities with a readily determinable fair value are reported at their fair value based on quoted market prices.

Advertising

The Organization expenses the cost of advertising as incurred. Total advertising expense for the year ended December 31, 1998 was \$42,895.



LOUISIANA RESOURCE CENTER FOR EDUCATORS

NOTES TO FINANCIAL STATEMENTS

2. Concentration of Support

During the year ended December 31, 1998, the Organization derived approximately 48% of its support and revenue from the Department of Economic Development.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Louisiana Resource Center for Educators activities:

Library	5,799
Experience Science Saturday	9,774
Leadership Program and Conference	16,152
Project Acorn	8,751
Graduate Course	5,722
Other Miscellaneous Projects	<u>52,312</u>
	<u>\$ 98,510</u>

4. Net Assets Released From Restrictions

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes are as follows:

Equipment Purchases	222,571
Library	12,312
Experience Science Saturday	30,700
Leadership Conference and Program	60,000
Graduate Course	28,000
Other Program Expenses	<u>238,234</u>
Total restrictions released	<u>\$ 591,817</u>

5. Building Lease

On February 1, 1998, the Organization entered into an agreement to lease its current location until the lease expires on January 31, 2003. The annual lease payments will be \$10. The fair market value of the lease payments is \$40,000.

6. Prior Period Adjustment

During 1998, the Organization determined that it recorded deferred revenue from a grant in error at December 31, 1997. Consequently, the 1997 net assets have been restated to adjust the balance of this account. The restatement resulted in an increase in temporarily restricted net assets of \$60,000 during the year ended December 31, 1997.



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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
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Resource Center for Educators, as of and for the year ended December 31, 1998, and have issued our report thereon dated July 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 Louisiana Resource Center for Educators' 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Louisiana Resource Center for Educators, in a separate letter dated July 29, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Resource Center for Educators' 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 solely for the information and use of the audit committee, management, others within the organization, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite ; Netterville

Baton Rouge, Louisiana
July 29, 1999





Postlethwaite & Netterville
A Professional Accounting Corporation

8550 United Plaza Blvd., Suite 1001 • Baton Rouge, Louisiana 70809
Telephone (225) 922-4600 • FAX (225) 922-4611
www.pncpa.com

July 29, 1999

Louisiana Resource Center for Educators
Board of Directors
Baton Rouge, Louisiana

In planning and performing our audit procedures on the financial statements of Louisiana Resource Center for Educators for the year ended December 31, 1998. We considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated July 29, 1999, on the financial statements of Louisiana Resource Center for Educators.

Statutory Deadline for Financial Statements

Finding

According to the Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, the audited financial statement was required to be submitted to the Legislative Auditor's Office within six months of the close of the Organization's fiscal year. The financial statement was submitted on July 30, 1999, and therefore, does not meet the requirements of the aforementioned statute.

Cause

The Organization hired new auditors, Postlethwaite & Netterville, for the year ended December 31, 1998, on January 29, 1999. Additionally, the Organization hired a new internal accountant in October 1998, and installed new software during 1998. All of these changes contributed to the delay in filing the financial statements by the required deadline.

Postlethwaite & Netterville has an informal system for monitoring governmental engagements to ensure their timely filing with the Legislative Auditor's Office. Unfortunately, when this client was obtained, it did not get added to P&N's system, which would have reminded us of the deadline.



Additionally, since this was the first year that the Organization had used the new software and had a new accountant, many items needed to be verified, both internally and by the auditors, in order for the financial statements to be complete and accurate. The Organization's activities were very different during 1998 than in previous years and numerous accounting issues had to be addressed for proper recognition and classification.

Effect

The Organization did not meet the deadline for submitting audited financial statements.

Recommendation

The auditors should be sure that the Organization is added to their governmental engagements system, and the Organization should note the deadline on their internal calendars for the year ended December 31, 1999, to ensure compliance with the financial statement deadline.

We consider this an immaterial instance of noncompliance with laws and regulations, as the financial statements were not effected by this noncompliance.

We would like to express our appreciation for the cooperation and courtesies extended to us during our audit procedures. We would be pleased to discuss the above matter or respond to any questions, at your convenience.

Very truly yours,

Pastlehurst & Netterville



LRCE

"Helping Teachers Help Children"

LOUISIANA RESOURCE CENTER FOR EDUCATORS

P. O. Box 3336
Baton Rouge, LA 70821-3336

225-387-5700
Fax: 225-387-5707
1-800-449-1908

NANCY ROBERTS
Executive Director

SCOTT CRAWFORD, Chairman
Attorney, Crawford & Lewis Attorney

DEBBY CALMES, Vice-Chairperson
Accounts Manager, Bellsouth

TOBIE CRAIG, Secretary
Turner Services, Ltd.

SCOTT PURDIN, Treasurer
Purdin Koi Farm

BETTIE BAKER-MILLER, Past Chairperson
Public Affairs Director, Louisiana Chemical Association

KYLE BEAM
Attorney, Kean Miller Law Firm

MARY KAY BROWN
Community Volunteer

CHARLES BUJOL
Superintendent, Iberville Parish

BETTY CLAIBORNE
Community Leader, EBRP Clerk of Court

EARL DOOMES
Dean, College of Sciences, Southern University

BARBARA FUHRMANN
Dean, College of Education, Louisiana State University

JOHN HARVEY
Section Supervisor, Exxon

JOANNE LAMOTTE
Principal, Glen Oaks Park Elementary

CHARLES LANDRY
Attorney, Jones Walker Law Firm

CORNELIUS LEWIS
President, Gulf Coast BIDCO

DR. JACQUELINE LEWIS
Asst. Superintendent of Catholic Schools,
Baton Rouge Diocese

LLOYD LINDSEY
Superintendent, West Feliciana Parish

JIM MACHEN
Director, Southern Lab School

GARY MATHEWS
Superintendent, East Baton Rouge Parish

J. ROGERS POPE
Superintendent, Livingston Parish

ROBERT CLOJATRE
Superintendent, Ascension Parish

PATRICIA SWENSON
Principal, Trinity Episcopal Day School

BEVERLY TRICHE
Superintendent, West Baton Rouge

GARY O'BRIEN
Regional Manager, Public Affairs, International Paper

Superintendent, Assumption Parish

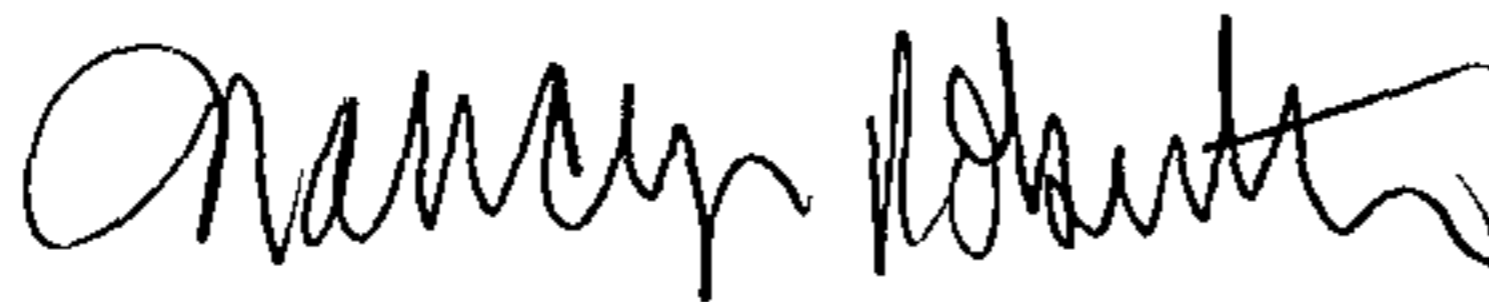
July 29, 1999

Legislative Auditor
Baton Rouge, La.

This letter is in response to the management letter issued by Postelthwaite & Netterville on July 29, 1999. We concur with the findings and have added the deadline of June 30, 2000 into our internal calendars for the year ended December 31, 1999.

We would be pleased to discuss the matter or respond to any questions, at your convenience.

Very truly yours,



Nancy Roberts