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NORTHEAST EDUCATIONAL DEVELOPMENT FOUNDATION
OAK GROVE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 6.9.04

NORTHEAST EDUCATIONAL DEVELOPMENT FOUNDATION
OAK GROVE, LOUISIANA
DECEMBER 31, 2003

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Educational Development Foundation
Oak Grove, Louisiana

We have audited the accompanying statements of Northeast Educational Development Foundation (a nonprofit corporation) as of December 31, 2003, 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 financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Northeast Educational Development Foundation as of December 31, 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2004, on our consideration of Northeast Educational Development Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
May 11, 2004

NORTHEAST EDUCATIONAL DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents (Note 7)	357,253
Pledge Receivable (Notes 1 and 2)	100,000
Grant Receivable (Notes 1 and 3)	162,670
Note Receivable (Note 4)	<u>55,000</u>
<u>TOTAL CURRENT ASSETS</u>	<u>674,923</u>

PROPERTY AND EQUIPMENT(Notes 1 and 5)

Accumulated Depreciation	<u>(24,063)</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>1,903,708</u>

OTHER ASSETS

Utility Deposit	<u>2,000</u>
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TOTAL ASSETS

2,580,631

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	<u>221,326</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>221,326</u>

NET ASSETS

Unrestricted	
Operating	455,597
Fixed Assets	<u>1,903,708</u>
<u>TOTAL NET ASSETS</u>	<u>2,359,305</u>

TOTAL LIABILITIES AND NET ASSETS

2,580,631

See Notes to Financial Statements

NORTHEAST EDUCATIONAL DEVELOPMENT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

UNRESTRICTED NET ASSETS

PUBLIC SUPPORT AND REVENUES(Note 1)

Grant State of Louisiana	688,000
Contributions	120,000
Contributions - LSU Ag Center	65,500
Rent Income - Delta Prep	3,000
Rent Income - Community Center	1,175
Interest and Dividend Income	8,762
Gain on Sale of Mutual Funds	<u>2,090</u>
<u>TOTAL SUPPORT - UNRESTRICTED</u>	888,527

EXPENSES

Advertising and Promotion	763
Concert Expense	2,875
Contract Labor - Clerical	3,845
Contract Labor - Management	24,750
Depreciation	15,256
Fees	88
Grant - Delta Prep	20,000
Insurance	13,199
Landscaping	5,167
Legal	115
Maintenance and Repairs	692
Miscellaneous	1,559
Office Expense	3,425
Postage	104
Supplies	4,234
Telephone	1,738
Travel	2,749
Utilities - Community Center	11,318
Utilities - Delta Prep	<u>3,839</u>
<u>TOTAL EXPENSES</u>	115,716

CHANGE IN NET ASSETS

772,811

NET ASSETS, BEGINNING OF YEAR

1,586,494

NET ASSETS, END OF YEAR

2,359,305

See Notes to Financial Statements

NORTHEAST EDUCATIONAL DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	772,811
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,256
Gain on Sale of Mutual Funds	(2,090)
(Increase) Decrease in:	
Pledge Receivable	(100,000)
Grant Receivable	(162,670)
Utility Deposit	(2,000)
Decrease (Increase) in:	
Accounts Payable	<u>221,326</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

742,633

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	1,376,530
Proceeds from Sale of Mutual Funds	<u>311,543</u>

NET CASH USED IN INVESTING ACTIVITIES

(1,064,987)

NET DECREASE IN CASH AND CASH EQUIVALENTS

(322,354)

BEGINNING CASH AND CASH EQUIVALENTS

679,607

ENDING CASH AND CASH EQUIVALENTS

357,253

See Notes to Financial Statements

NORTHEAST EDUCATIONAL DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Northeast Educational Development Foundation (NEED) is a nonprofit corporation based in Oak Grove, Louisiana. NEED was formed April 11, 1997, for the purpose of promoting educational and economic development throughout Northeast Louisiana. NEED's support comes primarily from donor contributions, government grants and rental of the Community Center.

Public Support and Revenue

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received and are recorded at their net realizable value. No allowance for uncollectible pledges is provided. Management feels all receivables are collectible.

Grants and other contributions are recorded when received or pledged and are generally available for unrestricted use unless specifically restricted by the donor.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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.

Cash and Cash Equivalents

Cash in checking, savings, and certificates of deposit is considered cash and cash equivalents for the purposes of the statement of cash flows.

Income Taxes

NEED is exempt from Federal and State income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Depreciation and Amortization

Furniture and equipment are recorded at cost when purchased or, if donated, at fair market value at date of donation. Depreciation of furniture and equipment is provided using the straight-line method.

NOTE 2 - PLEDGE RECEIVABLE

Pledge receivable represents one individual's pledge of contribution. The pledge was received in March 2004.

NORTHEAST EDUCATIONAL DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 3 - GRANT RECEIVABLE

Grant receivable is the final draw plus retainage due from the State of Louisiana on the grant for completion of the Community Center.

NOTE 4 - NOTE RECEIVABLE

Non-interest bearing note to Delta Prep Tutorial School.

NOTE 5 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31, 2003:

Land	\$ 9,000
RV Park	19,578
Community Center	1,748,986
Building - Delta Prep	117,779
Furniture & Fixtures	<u>32,428</u>
	1,927,771
Less: Accumulated Depreciation	<u>(24,063)</u>
<u>Net Property and Equipment</u>	<u>1,903,708</u>

NOTE 6 - DONATED SERVICES

NEED receives donated services from unpaid volunteers who assist in fund raising and special projects. No amounts have been recognized in the statement of projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 7 - CONCENTRATION OF CREDIT RISK

At December 31, 2003, NEED had \$241,918 on deposit with a bank in excess of FDIC insurance limits.

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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
Northeast Educational Development Foundation
Oak Grove, Louisiana

We have audited the financial statements of Northeast Educational Development Foundation (a nonprofit organization) as of and for the years ended December 31, 2003, and have issued our report dated May 11, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Northeast Educational Development 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 Northeast Educational Development 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.

This report is intended solely for the information of management of the Northeast Educational Development Foundation, state awarding agencies and the Legislative Auditor of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
May 11, 2004

NORTHEAST EDUCATIONAL DEVELOPMENT FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

PART I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There were no Federal Awards.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

NONE