

OFFICIAL
FIVE COPY
DO NOT SIGN OUT
Date received
Order from this
copy and PLACE
DATE IN FILE

**FOUNDATION FOR CHALLENGE IN
LOUISIANA PUBLIC BROADCASTING**
**REPORT ON A RISK OF THE COMPONENT
1981 FINANCIAL STATEMENTS**
YEAR ENDED JUNE 30, 1981

Under provisions of State law, this report is a public document. A copy of the report has been submitted to the Auditor, or successor, entity and other appropriate public officials. This 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.

Reference Date **OCT 15 1981**

CONTENTS

Audited Financial Statements:

Independent Auditor's Report.....	Page 1 - 2
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 - 12

Supplementary Information:

Statement of Functional Expenses.....	13
Schedule of Expenditures of Federal Awards.....	14 - 15
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 <u>Government Auditing Standards</u>	16 - 17
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.....	18 - 19
Schedule of Findings and Questioned Costs.....	20 - 22
Corrective Action Plan.....	23

HANNIS T. BOURGEOIS & CO., L.L.P.

Certified Public Accountants

1111 S. Maple Street, Suite 101
Larkoville Springs, Louisiana 70336
(504) 655-8331

MEMBER
FEDERAL BOARD OF ACCOUNTS
MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER STATE BOARD OF ACCOUNTS
MEMBER NATIONAL ASSOCIATION OF PUBLIC ACCOUNTANTS

MEMBER STATE BOARD OF ACCOUNTS
MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER NATIONAL ASSOCIATION OF PUBLIC ACCOUNTANTS
MEMBER STATE BOARD OF ACCOUNTS
MEMBER NATIONAL ASSOCIATION OF PUBLIC ACCOUNTANTS

MEMBER STATE BOARD OF ACCOUNTS
MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBER NATIONAL ASSOCIATION OF PUBLIC ACCOUNTANTS

August 11, 1997

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, 1997, 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.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. These 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, 1997, and the change in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 31, 1997, 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.

As discussed in Note 5 to the financial statements, in 1997 the Foundation changed its method of accounting for investments.

Respectfully submitted,

Ernst & Young & Co., L.L.P.

Foundation for Excellence in Louisiana Public Broadcasting

STATEMENT OF FINANCIAL POSITION

as of June 30, 1987

ASSETS

Cash and Cash Equivalents	\$ 201,979
Marketable Securities and Investments - Note 2	8,263,020
Accounts/Grants Receivable	494,220
Accrued Interest Receivable	66,601
Cost of Programs Not Yet Broadcast	117,813
Due from Friends of L.P.B. - Note 4	202,081
Prepaid Expenses	39,408
Property and Equipment, at Cost Less Accumulated Depreciation of \$28,348 - Note 3	<u>11,503</u>
Total Assets	<u>\$9,398,676</u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 31,264
Due to Louisiana Educational Television Authority - Note 7	1,667,372
Deferred Support and Revenues:	
Underwriting and Local Productions	54,578
Federal Grants	1,987
Educational Services	<u>14,340</u>
Total Deferred Support and Revenues	<u>70,903</u>
Total Liabilities	1,769,539
Net Assets as Restated, Note 5:	
Unrestricted	6,034,850
Temporarily Restricted - Note 4	<u>1,504,267</u>
Total Net Assets	<u>7,539,117</u>
Total Liabilities and Net Assets	<u>\$9,398,676</u>

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, 1997

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Revenue and Other Support:			
Underwriting Income	\$ 184,785	\$ -	\$ 184,785
Community Service Grant from the Corporation for Public Broadcasting	892,883	-	892,883
Membership Support from Friends of Louisiana Public Broadcasting, Inc.	-	872,928	872,928
Louisiana Public Broad- casting Special Projects and Local Productions	579,390	-	579,390
Louisiana Public Broad- casting Trust Fund	507,708	-	507,708
Other Income	8,427	-	8,427
Interest and Dividend Income (Net of Expenses of \$21,764)	327,958	-	327,958
Not Realized and Unrealized Gains (Losses)	328,783	-	328,783
Federal Grants	388,168	-	388,168
Net Assets Released from Restrictions - Note 6: Satisfaction of Res- trictions	1,323,847	11,323,847	-
Total Revenue and Other Support	4,451,738	12,323,847	4,080,737
Expenses:			
Personnel Services	342,884	-	342,884
Travel	80,864	-	80,864
Operating Services	2,473,913	-	2,473,913
Professional Services	339,366	-	339,366
Capital Outlay/General Expense	183,175	-	183,175
Total Expenses	3,357,921	-	3,357,921
Increase (Decrease) in Net Assets	\$ 1,094,035	\$ 12,323,847	\$ 543,016

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, 1997

Cash Flows From Operating Activities:	
Increase in Net Assets	\$ 843,938
Adjustments to Reconcile Excess	
Revenues and Other Support Over Expenses to Cash	
Provided by Operating Activities:	
Depreciation	6,382
Unrealized (Gain) Loss on Marketable	
Securities	(270,176)
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts/Grants	
Receivable	(79,460)
(Increase) Decrease in Due from Friends of	
L.P.B.	262,248
(Increase) Decrease in Accrued Interest	
Receivable	39,831
(Increase) Decrease in Cost of Programs Not	
Yet Broadcast	32,128
(Increase) Decrease in Prepaid Expense	(36,936)
Increase (Decrease) in Accounts Payable	(70,536)
Increase (Decrease) in Due to Louisiana	
Educational Television Authority	506,488
Increase (Decrease) in Deferred Support and	
Revenues	2,844
Net Cash Provided by Operating Activities	1,820,768
Cash Flows FROM Investing Activities:	
Purchases of Investments	(8,087,135)
Proceeds from Maturity of Investments	2,540,285
Net Cash Used in Investing Activities	(5,546,850)
Net Decrease in Cash and Cash Equivalents	(3,726,082)
Cash and Cash Equivalents - Beginning of Year	1,247,587
Cash and Cash Equivalents - End of Year	\$ 231,970

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

Note 1 - Summary of Significant Accounting Policies -

A. Organization

The Foundation for Excellence in Louisiana Public Broadcasting (the "Foundation") was established August 7, 1991 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. 54, 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, 1997.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

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, 1997 there were no permanently restricted net assets.

E. Restricted and Unrestricted Revenues 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 restrictions expire 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, 1997, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Foundation for Excellence in Louisiana Public Broadcasting

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

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 these 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, 1997. Grants, contributions and underwriting relating to these programs are included in deferred revenue. As the programs are broadcast, 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.

Foundation for Excellence in Louisiana Public Broadcasting

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

M. Income Taxes

The Foundation has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501(c)(13) 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 included certificates of deposits and all highly liquid debt instruments with original maturities of three months or less when purchased.

Note 2 - Investment Securities -

The Foundation's investments at June 30, 1997 are recorded at market value as summarized below:

	<u>COST</u>	<u>MARKET VALUE</u>	<u>REALIZED</u>	
			<u>GAINS</u>	<u>LOSSES</u>
U.S. Treasury Securities	\$1,488,828	\$1,721,820	\$ 23,992	\$ -
U.S. Government Agency Securities	3,278,238	3,287,349	-	10,847
U.S. Government Bond Funds	380,880	568,497	-	17,509
Preferred Stocks	550,040	560,006	9,966	-
Mutual Fund-Equity Securities	1,887,661	2,142,628	259,967	-
	<u>\$8,985,763</u>	<u>\$8,283,820</u>	<u>\$202,827</u>	<u>\$ 28,370</u>

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

	<u>COST</u>	<u>MARKET VALUE</u>
	Within One Year	\$1,783,794
One Year Through Five Years	2,819,344	2,813,299
Five Years Through Ten Years	1,884,028	1,824,482
	\$,543,062	\$,555,186
Preferred Stocks	550,040	560,006
Mutual Funds - Equity Securities	1,887,661	2,142,628
	<u>\$8,088,783</u>	<u>\$8,283,020</u>

Included in the caption "Net Realized and Unrealized Gains (Losses)" on the Statement of Activities are as follows: Realized Gains of \$23,991, realized losses of \$9,425 and the net change in unrealized gains (losses) at June 30, 1997 as compared to June 30, 1996 of \$224,217 which includes the restatement of net assets as of June 30, 1996 of \$45,960 as more fully discussed in Note 5).

Foundation for Excellence in Louisiana Public Broadcasting

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

The Foundation's investments as June 30, 1997 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.

At June 30, 1997, investments with a market value of \$1,071,106 and a cost of \$1,039,936 are Category 2 and investments with a market value of \$5,943,886 and a cost of \$5,873,566 are Category 3. In addition, at June 30, 1997 Mutual Funds with a market value of \$2,147,628 and a cost of \$1,987,861 are not categorized in accordance with the above Codification because they are not evidenced by securities that exist in physical or book entry form.

Note 3 - Fixed Assets and Depreciation -

A summary of fixed assets is as follows:

Computer Equipment	\$ 33,987
Less: Accumulated Depreciation	<u>120,344</u>
	<u>\$ 13,661</u>

Depreciation expense for the year ended June 30, 1997 was \$0.782.

Note 4 - Related Party Transactions/Restricted Net Assets - Friends of Louisiana Public Broadcasting -

The Louisiana Educational Television Authority d/b/a Louisiana Public Broadcasting (LPA) and Friends of Louisiana Public Broadcasting entered into a mutual agreement dated December 4, 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 LPA in the nature of an endowment, to provide current income and have been protection for the operations of LPA. Per the terms of the agreement LPA may designate who the funds are distributed to and therefore designated the Foundation to receive these funds.

Foundation for Excellence in Louisiana Public Broadcasting

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

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, 1997, \$872,928 was transferred to the Foundation (which includes a receivable of \$202,081 under the terms of this agreement).

As June 30, 1997, \$1,594,287 of temporarily restricted net assets are available for the purposes specified in these two agreements described in the preceding paragraphs.

Note 5 - Change in Accounting Principle -

The Foundation was required to adopt Statement of Financial Accounting Standards (SFAS) No. 124 "Accounting for Certain Investments Held By Not-For-Profit Organizations", in 1997. Under SFAS No. 124, the Foundation is required to report equity securities that have readily determinable fair values and all debt securities at fair value. As permitted by SFAS No. 124, the Foundation has retroactively applied the provisions of this new statement by restating net assets as of June 30, 1996. An adjustment of \$42,960 made to net assets as of June 30, 1996 represents the difference between the excess of carrying value over market value of the investments held by the Foundation at that date. The effect of SFAS No. 124 on the Foundation's change in net assets for June 30, 1997 was an increase of \$178,297. That effect is included in changes in unrestricted net assets because the gains and losses are unrestricted.

The following is a detail of net assets:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Beginning of Year - July 1, 1996, as Previously Reported	\$5,806,375	\$2,245,308	\$7,052,683
Decrease in Net Assets - July 1, 1996, Due to Adoption of SFAS No. 124	<u>142,960</u>	-	<u>142,960</u>
Beginning of Year - July 1, 1996 as Restated	4,960,815	2,245,308	7,006,123
Increase (Decrease) in Net Assets - June 30, 1997	1,934,032	<u>(651,013)</u>	<u>1,283,019</u>
End of Year - June 30, 1997	<u>\$6,894,847</u>	<u>\$1,594,287</u>	<u>\$8,489,134</u>

Foundation for Excellence in Louisiana Public Broadcasting

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1997

Note 6 - 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 \$1,323,947

Note 7 - 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, 1997, the amount owed to L.E.T.A. for these rentals is \$1,655,597 which includes \$126,000 of interest earnings.

Note 8 - 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.

Note 9 - Financial Instruments -

Cash balances confirmed by the banks totaling \$203,887 are on deposit at a local bank and with a bank trust Department. They are maintained in an operating account or a cash management investment account and, therefore, not insured by the Federal Deposit Insurance Corporation with the exception of \$100,000. Certain of the cash management accounts are U.S. Government security based money funds with balances totaling \$32,438 and other money market funds with balances totaling \$179,836 which are not categorized as to investment risk.

SUPPLEMENTARY INFORMATION

Foundation for Excellence in Louisiana Public Broadcasting

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 1997

	<u>PROGRAM SERVICES</u>			
<u>PROGRAMMING AND PRODUCTION</u>	<u>BROADCASTING COST</u>	<u>PROGRAM INFORMATION</u>	<u>TOTAL PROGRAM SERVICES</u>	
Personal Services	\$ 285,288	\$ -	\$ -	\$ 285,288
Travel	48,297	3,307	492	52,096
Operating Services	1,745,736	363,779	83,029	2,192,544
Professional Services	304,383	2,408	-	306,791
Capital Outlay	<u>51,884</u>	<u>21,789</u>	<u>1,124</u>	<u>74,797</u>
Total Expenses	<u>\$2,434,637</u>	<u>\$ 391,197</u>	<u>\$ 84,625</u>	<u>\$2,888,459</u>

See auditor's report.

MANAGEMENT
AND
GENERAL

TOTAL EXPENSES

\$ 17,596	\$ 362,808
48,898	98,468
283,312	2,473,912
32,818	318,366
<u>29,188</u>	<u>133,175</u>
<u>\$483,282</u>	<u>\$3,357,721</u>

Foundation for Excellence in Louisiana Public Broadcasting

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 1997

<u>FEDERAL CHARTER/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR BAWD AMOUNT</u>
<u>U.S. Department of Education</u>		
Adult Education Step Program	*84.002	\$142,880
Adult Education Step Program	*84.002	118,860
Governor's Dream Free Program	84.105A	25,000
Funded Through the School Board of the City of Norfolk, Virginia Technology Challenge Grant	*84.083	195,420
Total U.S. Department of Education		
<u>U.S. Department of Commerce</u>		
Global Public Telecommunications Network Program	11.552	58,000
Total U.S. Department of Commerce		
<u>U.S. Department of Justice</u>		
Proctor Legal Ease	16.541	57,388
Total U.S. Department of Justice		
<u>U.S. Department of Agriculture</u>		
Funded Through Louisiana Department of Agriculture and Forestry:		
Cooperative Forestry Assistance	10.884	129,600
Total U.S. Department of Agriculture		

(CONTINUED)

DEPOSITED
REVENUE AT
JUNE 30, 1898

GRANT RECEIPTS
OR RECEIPTS
RECOGNIZED

DEBIT RECEIPTS/
EXPENDITURES

DEPOSITED
REVENUE AT
JUNE 30, 1891

\$ -	\$ 19,500	\$ 19,500	\$ -
-	98,105	98,105	-
-	23,300	23,300	-
-	141,905	141,905	-
-	278,879	278,879	-
-	-	-	-
-	23,017	23,017	-
-	23,017	23,017	-
-	-	-	-
-	23,288	23,288	-
-	23,288	23,288	-
-	-	-	-
-	65,663	65,663	-
-	65,663	65,663	-

Foundation for Excellence in Louisiana Public Broadcasting

SCHEDULE OF RECIPIENTURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 1997

<u>FEDERAL GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>
National Urban League		
Passed Through Louisiana Educational Television Authority		
Rate for Coordinating Charge		2,000
Total National Urban League		
Total Federal Assistance		

*Indicates major federal award program.

DEFERRED
REVENUE AT
JUNE 30, 1986

GRANT RECEIPTS
ON BEHALF OF
EXPENDITURES

DISBURSEMENTS/
EXPENDITURES

DEFERRED
REVENUE AT
JUNE 30, 1987

1,987
1,987
\$ 1,987

-
-
\$188,188

-
-
\$188,188

1,987
1,987
\$ 1,987

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE
COMPONENT UNIT FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

HANNIS E. BOURGEOIS & CO., L.L.P.

Certified Public Accountants

1111 S. Hugo Avenue, Suite 301
Metairie Springs, Louisiana 70002
(504) 885-9377

MEMBER
OF THE INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF THE INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF THE INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF THE INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

August 11, 1997

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, 1997, and have issued our report thereon dated August 11, 1997. 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 11, 1997.

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 recipient 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,

Warren L. Bergquist & Co., 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-113

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,

Marvin L. Conroy & Co., 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, 1997

(13) 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 .518(a).
- The following programs were determined to be major programs:

C.F.D.A. Number

- | | |
|--------------------------------|--------|
| • Adult Education Stop Program | 84.002 |
| • Technology Challenge Grant | 84.002 |
- The dollar threshold used to distinguish between Type A and Type B programs was \$200,000 as specified under Section .530 (b).
 - The Foundation qualified as a low risk auditee under Section .530.

Foundation for Excellence in Louisiana Public Broadcasting

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

for the year ended June 30, 1997

(3) Findings and questioned costs for Federal awards are as follows:

<u>PROGRAM</u>	<u>FINDING/NONCOMPLIANCE</u>	<u>QUESTIONED COSTS</u>
Technology Challenge Grant - CFDA #84-100	a) It was noted that the quarterly federal cash transactions report (Form 272) was not filed for the quarter ended December 31, 1996 and was filed late for the quarter ended June 30, 1997.	\$ N/A
	b) It was also noted that the quarterly federal cash transactions report (Form 272) for the quarter ended March 31, 1997 did not have the correct federal grant number and the balance for the cash on hand at the beginning of the quarter was incorrect.	\$ N/A
	c) The Quarterly Performance Report was filed late for the quarter ended March 30, 1997.	\$ N/A
	d) For the quarter ended December 31, 1996 \$83,128 was requested from the grantor (received January 23, 1997) under this grant. However, the Foundation had only incurred expenses of \$61,958 as of that date for this grant. The Foundation did not incur expenses to offset the difference of 20,168 until several days later into the next quarter.	

(CONTINUED)

Foundation for Excellence in Louisiana Public Broadcasting

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

for the year ended June 30, 1997

PROGRAM	FINDING/INCOMPLIANCE	QUESTIONED COSTS
Technology Challenge Grant - OPEB #94,000 - (Continued)	As stated in the GSB Com. witness Supplement for Single Audits of State and Local Governments, advances received from Federal grantor agencies should be limited to meet "immediate" cash requirements which is generally considered as a few days. We recommend that in the future, any cash advances meet Federal guidelines.	\$ N/A

Foundation for Excellence in Louisiana Public Broadcasting

COMMITTEE ACTION PLAN

for the year ended June 30, 1997

Louisiana Educational Television Authority ("L.E.T.A.") concurs that all grant reports are to be filed in a timely and accurate manner. To that end, L.E.T.A. has implemented a calendar procedure to ensure timely filing of all grant reports, including the Technology Challenge Grant quarterly reports. With specific reference to transaction report 272, the business office manager, who is no longer employed by L.E.T.A., was notified within 15 days of the quarter end that the report was due, however, he failed to take timely action. He has also taken action to ensure that the correct grant number is on the form, by destroying all of the old forms and printing new forms with the correct number.

With respect to the quarterly performance report, the project manager has implemented a calendar system to ensure timely filing of these reports in the future. We would point out that the quarterly report for March 30, 1997 was delivered verbally by the project manager during a meeting of all of the challenge grant partners in Washington, D.C. as then followed up with a hard copy of that report. A memorandum was received from Soundprint commending LETA on the report and recognizing the value of the presentation in securing a supplemental grant.

For the quarter ended December 31, 1996, the project manager requested that sufficient funds be drawn to cover outstanding obligations, however, the actual invoices reflecting those obligations were not received by the end of the quarter. L.E.T.A. will carefully monitor the actual accrual of expenses in requesting grantor reimbursement, to ensure that receipts and expenditures coincide during the proper quarter.

The procedures that L.E.T.A. has implemented, as well as the commitment of the new business office manager to adherence of these measures, will result in timely and accurate filing of the required reports.

L.E.T.A. appreciates the commendation of the auditor relative to the improvements we have made in our accounting system. L.E.T.A. concurs with the additional recommendations of the auditor relative to the modification of our accounting software to fully integrate the subsidiary ledger with the general ledger software and post directly to the applicable general ledger accounts.

**FOUNDATIONS FOR EXCELLENCE IN
LOUISIANA PUBLIC BROADCASTING**

MANAGEMENT LETTER

JUNE 30, 1997

HANNIS T. BOURGEOIS & CO., L.L.P.

Certified Public Accountants

1000 N. Grange Avenue, Suite 104
Baton Rouge, Louisiana 70802
(504) 382-8300

MEMBER OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

1900 BROADWAY, SUITE 1700
NEW YORK, NEW YORK 10014

MEMBER OF THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

August 11, 1997

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, 1997, 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.

REVENUE AND RECEIPTS

ACCOUNTS RECEIVABLE SUBSIDIARY LISTING

FINDING:

In the prior year, it was noted that the Foundation did not maintain a formal accounts receivable subsidiary ledger that could be reconciled to the general ledger which detailed and aged, by customer, invoices that have not been collected.

RECOMMENDATION:

In the prior year, the Foundation was in the process of modifying their existing software to include an accounts receivable subsidiary ledger that would be capable of tracking all accounts receivable and producing an aged accounts receivable listing. We recommended that management revise this aged listing periodically and attempt to collect all past due accounts. Also, we recommended that this subsidiary ledger be reconciled to the general ledger each month.

CORRECTIVE ACTION TAKEN:

During the current year, the Foundation modified their software to include an accounts receivable subsidiary ledger which is capable of tracking accounts receivable and producing an aged listing. Management has also implemented new procedures aimed at collecting past due accounts.

ADDITIONAL RECOMMENDATION:

We recommend now that an accounts receivable subsidiary ledger is in place, management further modify their software so that the subsidiary ledger is fully integrated with the general ledger software.

GENERAL

GENERAL LEDGER

FINDING:

During the prior years, it was noted that the general ledger system was being maintained on a "cash basis". Also, in the prior year due to lack of adequate monthly reconciliation procedures, the initial working trial balance presented to us for the audit could not be adequately reconciled. As a result, in the prior year a balanced working trial balance had to be recreated by posting the activity in the various cash and investment accounts to the prior year audited balance sheet accounts.

RECOMMENDATION:

We recommended that the Foundation establish a formal general ledger system whereby transactions involving revenue and expense accounts as well as balance sheet accounts be recorded. We also recommended that the audited June 30, 1996 balances be utilized to record the initial balances in the general ledger and all transactions for the year beginning July 1, 1996, be recorded in the general ledger. We also recommended that the accounting records be converted to an accrual basis whereby such items as payables and receivables would then be recorded and adjusted as necessary each month. Monthly reconciliations could then be performed agreeing all subsidiary ledgers to the general ledger balances.

Furthermore, cash and investment reconciliations could then be balanced to the applicable general ledger account on a monthly basis. With the implementation of this type of system, a more accurate representation of the financial activities of the Foundation would be available to management.

CORRECTIVE ACTION TAKEN:

During the current year, it was noted that the Foundation has established a formal general ledger system whereby transactions involving revenue and expense accounts, as well as balance sheet accounts were recorded. It was also noted that the accounting records had been converted to an accrual basis whereby payables and receivables are being recorded monthly. Also these subsidiary ledgers are being reconciled to the general ledger balances.

It was also noted in the current year that cash and investment reconciliations were being prepared on a monthly basis.

ADDITIONAL RECOMMENDATION:

We commend management on implementing the above mentioned procedures which have greatly improved the financial accounting system of the Foundation. Now that a basic general ledger system is in place, management should fully integrate their accounting software whereby all subsidiary ledgers post directly to the applicable general ledger accounts.

FINDING:

In the current year and in the prior year, it was noted that although an annual budget had been adopted for all revenues and expenses of the Foundation, a comparison of budgeted revenues and expenses to actual revenues and expenses were not being generated and reviewed on a periodic basis.

RECOMMENDATION:

We recommended a report comparing budget to actual amounts be generated on a periodic basis. Periodic assessments of the budget should be made by the Board as deemed necessary.

CORRECTIVE ACTION TAKEN:

During the current year, it was noted that a report comparing budget to actual amounts was being generated on a periodic basis. Also, periodic assessments to the budget were being made as applicable.

PRODUCTION REVENUE

FINDING:

During the course of our prior year audit, it was noted that production revenues earned on various underwriting and local production projects was not being properly recognized as revenues in the period earned. Rather, all of the production revenues was recognized when the project was completed.

RECOMMENDATION:

We recommended that the current accounting system be modified so that production revenue be recorded as earned on a percentage of completion basis over the life of the project. This method would result in proper recognition of revenue in the period earned.

CORRECTIVE ACTION TAKEN:

During the course of our current year audit, it was noted that new procedures were implemented so that production expenses on the applicable projects are cutoff as of year end. Based on this information, we made year end audit adjustments to recognize production revenue to the extent of production expenses.

This report is intended solely for the use of management, the Comptroller Bureau, and the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and various cognate 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.

Respectively submitted,

Warren L. Bourgeois & Co., L.L.P.