
LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2004 AND

FOR THE SIX MONTHS ENDED JUNE 30, 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 12-22-04



LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2004 AND

FOR THE SIX MONTHS ENDED JUNE 30, 2003



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Louisiana Resource Center for Educators as of June 30, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2004 and the six months ended June 30, 2003. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Resource Center for Educators as of June 30, 2004 and 2003, and the change in its net assets and its cash flows for the year ended June 30, 2004 and the six months ended June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 22, 2004, on our consideration of the Organization'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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 22, 2004

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 4,589	\$ 144,856
Accounts receivable	163,191	87,350
Inventory	1,085	2,263
Prepaid expenses	11,000	13,959
Total current assets	179,865	248,428
 <u>PROPERTY AND EQUIPMENT</u>		
Furniture and equipment	464,023	382,368
Building improvements	158,455	28,875
Library	71,921	63,511
	694,399	474,754
Less: accumulated depreciation	(333,403)	(234,668)
	360,996	240,086
Total Assets	\$ 540,861	\$ 488,514

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	\$ -	\$ 9,600
Accounts payable	42,383	76,051
Other liabilities	97,859	36,198
Total current liabilities	140,242	121,849

NET ASSETS

Unrestricted	362,275	228,227
Temporarily restricted	38,344	138,438
Total net assets	400,619	366,665
Total Liabilities and Net Assets	\$ 540,861	\$ 488,514

The accompanying notes are an integral part of these statements.



LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004
AND THE SIX MONTHS ENDED JUNE 30, 2003

	6/30/04		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Public support	\$ 151,665	\$ 305,653	\$ 457,318
Grant from governmental agency	749,726	-	749,726
Program service fees	282,345	-	282,345
Interest income	874	-	874
In-kind donations	-	-	-
Miscellaneous	22,291	-	22,291
Total support and revenue	1,206,901	305,653	1,512,554
Net assets released from restriction	405,747	(405,747)	-
Total revenue and other support	1,612,648	(100,094)	1,512,554
 EXPENSES:			
Program services	1,028,084	-	1,028,084
Management and general	374,175	-	374,175
Fundraising	76,341	-	76,341
Total expenses	1,478,600	-	1,478,600
Changes in net assets	134,048	(100,094)	33,954
Net assets - beginning of year	228,227	138,438	366,665
Net assets - end of year	\$ 362,275	\$ 38,344	\$ 400,619

The accompanying notes are an integral part of these statements.



6/30/03

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 133,116	\$ 130,620	\$ 263,736
329,066	-	329,066
68,944	-	68,944
197	-	197
27,000	-	27,000
20,299	-	20,299
<u>578,622</u>	<u>130,620</u>	<u>709,242</u>
<u>211,331</u>	<u>(211,331)</u>	<u>-</u>
<u>789,953</u>	<u>(80,711)</u>	<u>709,242</u>
599,249	-	599,249
193,987	-	193,987
29,370	-	29,370
<u>822,606</u>	<u>-</u>	<u>822,606</u>
(32,653)	(80,711)	(113,364)
<u>260,880</u>	<u>219,149</u>	<u>480,029</u>
<u>\$ 228,227</u>	<u>\$ 138,438</u>	<u>\$ 366,665</u>



LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004
AND THE SIX MONTHS ENDED JUNE 30, 2003

6/30/04

<u>EXPENSES</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 2,048	\$ 479	\$ 150	\$ 2,677
Contract labor	127,225	1,502	-	128,727
Consulting fees	2,175	-	-	2,175
Contributions	1,324	-	-	1,324
Bank charges	24	220	-	244
Depreciation & amortization	88,861	9,874	-	98,735
Direct program charge	-	-	-	-
Donor appreciation	-	587	-	587
Dues & subscriptions	2,116	2,342	-	4,458
Employee benefits	62,705	29,352	8,945	101,002
Employee training	4,037	525	-	4,562
Equipment	1,895	1,712	-	3,607
Insurance	-	111	-	111
Interest	-	55	-	55
Janitorial services	-	-	-	-
Library expenses	5,845	-	-	5,845
Licenses and permits	2,100	5	-	2,105
Miscellaneous	11,645	8,047	1,336	21,028
Moving expenses	216	88	44	348
Postage	10,392	6,954	1,175	18,521
Printing	28,960	14,937	2,404	46,301
Professional services	21,045	23,791	-	44,836
Rental expense	129,955	34,228	-	164,183
Repairs & maintenance	-	17,692	-	17,692
Salaries	455,879	203,004	61,862	720,745
Software and technology	2,829	845	-	3,674
Staff motivation incentives	300	130	-	430
Stipends	5,672	-	-	5,672
Supplies	39,605	8,067	127	47,799
Taxes	13	347	-	360
Telephone	3,463	7,483	-	10,946
Travel and fundraising	17,755	1,798	298	19,851
	<u>\$ 1,028,084</u>	<u>\$ 374,175</u>	<u>\$ 76,341</u>	<u>\$ 1,478,600</u>

The accompanying notes are an integral part of these statements.



6/30/03

Program Services	Management and General	Fundraising	Total
\$ 31,630	\$ 1,200	\$ -	\$ 32,830
10,495	2,520	-	13,015
-	-	-	-
-	-	-	-
1,249	428	-	1,677
20,439	25,498	-	45,937
192	-	-	192
15	4,122	-	4,137
1,543	969	-	2,512
31,537	10,884	45	42,466
44	371	103	518
93	1,365	-	1,458
546	886	-	1,432
-	194	-	194
3,249	19	-	3,268
5,145	9,358	-	14,503
1,081	317	-	1,398
7,597	1,328	785	9,710
620	-	-	620
17,817	2,307	-	20,124
162,743	3,618	125	166,486
1,986	13,767	-	15,753
20,370	25,411	-	45,781
182	2,985	-	3,167
125,175	43,201	178	168,554
210	377	-	587
-	948	-	948
665	-	-	665
94,681	32,015	106	126,802
-	-	-	-
3,500	2,745	-	6,245
56,445	7,154	28,028	91,627
<u>\$ 599,249</u>	<u>\$ 193,987</u>	<u>\$ 29,370</u>	<u>\$ 822,606</u>



LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004
AND THE SIX MONTHS ENDED JUNE 30, 2003

	2004	2003
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 33,954	\$ (113,364)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	98,735	45,937
Changes in operating assets and liabilities:		
Accounts receivable	(75,841)	62,627
Prepaid expenses	2,959	(10,000)
Inventory	1,178	588
Accounts payable and other accrued liabilities	27,993	77,597
Net cash provided by operating activities	88,978	63,385
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(219,645)	(72,860)
Net cash used in investing activities	(219,645)	(72,860)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on capital lease	(9,600)	(10,056)
Net cash used in financing activities	(9,600)	(10,056)
Net decrease in cash and cash equivalents	(140,267)	(19,531)
Cash and cash equivalents - beginning of year	144,856	164,387
Cash and cash equivalents - end of year	\$ 4,589	\$ 144,856

The accompanying notes are an integral part of these statements.



LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

Organization and Purpose

Louisiana Resource Center for Educators (the Organization) is a 501(c)(3) not-for-profit, community based organization, governed by a board of directors. The purpose of LRCE is educational, namely responding to the needs of Louisiana educators and students by providing innovative training for teachers in all content areas and making a multi-media lending library of instructional materials available to thousands of teachers. Sources of income are from donations (public support), grants from governmental agencies, and fees charged for training both at LRCE and off site.

Following the year ended December 31, 2002, the Organization changed its year end to June 30. The accompanying statements presented therefore reflect the six months ended June 30, 2003 and the twelve months ended June 30, 2004.

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 and state 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. 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 did not have permanently restricted net assets at June 30, 2004 and 2003.

Property and Equipment

Property and equipment is recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives which range from 3 to 10 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized.

Allowance for Uncollectible Accounts

As of June 30, 2004 and 2003, all accounts were considered collectible; therefore, no allowance for uncollectible accounts has been established. Accounts are considered past due based on their contractual terms. Receivables are closely monitored by management during the year and all accounts considered to be uncollectible are written-off.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 records 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. For the year ended June 30, 2004 and the six months ended June 30, 2003, the value of contributed services meeting the requirements for recognition in the financial statements was \$-0- and \$27,000, respectively.

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.

Advertising

The Organization expenses the cost of advertising as incurred. Total advertising expenses for the year ended June 30, 2004 and the six months ended June 30, 2003, were \$2,677 and \$32,830, respectively.

2. **Concentration of Support**

During the year ended June 30, 2004 and the six months ended June 30, 2003, the Organization derived approximately 50% and 46%, respectively, of its support and revenue from state grants.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Coastal Erosion	\$ -	\$ 642
Experience Science Saturday	18,500	17,750
Food from the Bayou	11,000	11,000
LEAP Remediation	-	1,365
Library	-	21,541
LSU Math Workbook	-	7,346
Math Teachers for Louisiana	-	21,880
Meeting the Challenge	2,000	3,514
Pedometers	-	3,414
Praxis	-	698
Reilly Conference Center	-	19,792
Science Teachers for Louisiana	-	13,599
South Louisiana Field Trip Book	-	3,909
Troubled Kids Program	-	7,262
Williamsburg Institute	6,844	4,726
	<u>\$ 38,344</u>	<u>\$ 138,438</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:

	<u>2004</u>	<u>2003</u>
Alternative Certificate	\$ -	\$ 41,384
Chemistry the Core	3,969	7,300
Coastal Erosion	642	5,591
Dictionary Project	10,150	-
Expansion	165,856	-
Experience Science Saturday	31,036	17,460
Food from the Bayou	1,320	4,811
LEAP Remediation	4,015	798
Library	25,766	19,132
LSU Math Workbook	16,987	1,654
Math Teachers for Louisiana	33,812	1,817
Meeting the Challenge	26,514	11,365
Pedometers	10,531	3,386
Praxis	1,897	1,258
Raising Radishes	2,755	6,785
Reilly Conference Center	19,792	208
School Law Workshop	12	420
Science Teachers for Louisiana	17,438	426
South Louisiana Field Trip Book	6,169	20,307
STW - Graduate Course	-	1,527
Technology	11,442	44,321
Travel Grants	-	15,000
Troubled Kids Program	8,262	138
Williamsburg Institute	7,382	6,243
Total restrictions released	<u>\$ 405,747</u>	<u>\$ 211,331</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. **Leases**

The Organization's lease for its office space began January 2001 and is for a term of three years at \$10,000 per month. On July 20, 2003, the Organization signed a lease for a term of 10 years at \$11,000 per month for year one. This payment increases to \$12,406 for years two through year five. The following represents the annual obligation:

2005	\$ 148,875
2006	148,875
2007	148,875
2008	148,875
2009	165,000
Thereafter	690,000

The Organization has two operating leases entered into December 31, 1999 and November 24, 2003 for copiers. Both copiers are leased under five-year operating leases. The leases expire in December 2004 and November 2008. The leases are renewable on the same terms on a monthly basis unless the option to purchase at fair market value is exercised or the equipment is returned.

Total rent expense charged to operations during the year ended June 20, 2004 and the six months ended June 30, 2003, was approximately \$164,183 and \$45,781, respectively.

The Organization entered into a capital lease in January 2001 for computers. The computers are leased under a three-year lease. Obligations under the capital lease have been recorded in the accompanying financial statements at the fair value of the computers. The capitalized cost of \$45,040, less accumulated depreciation of \$31,528 is included in property and equipment in the accompanying financial statements as of June 30, 2004.

Obligations under capital leases consist of the following:

	<u>2004</u>	<u>2003</u>
Total	\$ -	\$ 9,600
Less: current portion	-	(9,600)
Long-term portion	<u>\$ -</u>	<u>\$ -</u>



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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
Louisiana Resource Center for Educators
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Resource Center for Educators, as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated September 22, 2004. 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.

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*.

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 board of directors, management and others within the Organization, 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 distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 22, 2004