

**CONSORTIUM FOR EDUCATION, RESEARCH &
TECHNOLOGY OF NORTH LOUISIANA
SHREVEPORT, LOUISIANA
JUNE 30, 2004**

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 2-2-05

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

December 16, 2004

To the Board of Directors
Consortium for Education, Research & Technology of North Louisiana
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statements of financial position of Consortium for Education, Research & Technology of North Louisiana (a nonprofit organization) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the entity'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 Consortium for Education, Research & Technology of North Louisiana as of June 30, 2004, and the changes in its net assets and its cash flows for the year 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 a report dated December 16, 2004 on our consideration of Consortium for Education, Research & Technology of North Louisiana's internal control over financial reporting and on 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 result of our audit.

Head, McRoy & Vestal, LLP

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2004

ASSETS

<u>Current assets:</u>	
Cash	<u>86,460</u>
Total current assets	<u>86,460</u>
 Total assets	 <u>86,460</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>	<u>-</u>
Total liabilities	-
 <u>Net assets:</u>	
Unrestricted	82,960
Temporarily restricted	<u>3,500</u>
Total net assets	<u>86,460</u>
 Total liabilities and net assets	 <u>86,460</u>

The accompanying notes are an integral part of the financial statements.

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues and other support:</u>			
Contractual revenue-grants (Note 2)	159,873	-	159,873
Dues	42,000	3,500	45,500
Donated facilities (Note 3)	8,370	-	8,370
Other	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total revenues and other support	212,243	3,500	215,743
<u>Expenses:</u>			
Salary and benefits	117,155	-	117,155
Convention	16,202	-	16,202
Travel	14,664	-	14,664
Youth Day	7,806	-	7,806
Phone	6,536	-	6,536
Printing	4,380	-	4,380
Rent (Note 3)	11,970	-	11,970
Dues	3,125	-	3,125
Advertising	2,476	-	2,476
Board meetings	1,773	-	1,773
Supplies	822	-	822
Postage	348	-	348
Legal	323	-	323
Miscellaneous	163	-	163
Licenses	<u>100</u>	<u>-</u>	<u>100</u>
Total expenses	<u>187,843</u>	<u>-</u>	<u>187,843</u>
<u>Change in net assets</u>	24,400	3,500	27,900
<u>Net assets, beginning of year</u>	<u>58,560</u>	<u>-</u>	<u>58,560</u>
<u>Net assets, end of year</u>	<u>82,960</u>	<u>3,500</u>	<u>86,460</u>

The accompanying notes are an integral part of the financial statements.

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

<u>Cash flows from operating activities:</u>	
Change in net assets	27,900
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in grant receivable	<u>15,000</u>
Net cash provided by operating activities	<u>42,900</u>
<u>Net increase in cash</u>	42,900
<u>Cash at beginning of year</u>	<u>43,560</u>
<u>Cash at end of year</u>	<u>86,460</u>

The accompanying notes are an integral part of the financial statements.

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

1. Summary of Significant Accounting Policies

A. Nature of Activities

Consortium for Education, Research & Technology of North Louisiana (CERT), is a nonprofit corporation under the laws of the State of Louisiana. CERT was established to facilitate and link the five North Louisiana post-secondary educational systems with industry to support workforce development, technology transfer, and economic development to foster the growth and success of the region's industry.

B. Basis of Accounting

The financial statements of CERT have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization 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. CERT had no permanently restricted net assets at June 30, 2004.

D. Income Tax Status

CERT is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Services as an organization other than a private foundation. CERT, therefore, is not subject to income taxes. However, income from certain activities not directly related to CERT's tax-exempt purpose is subject to taxation as unrelated business income. CERT had no such income for the year ended June 30, 2004.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

CERT's cash, as stated for cash flow purposes, consists of cash held in a pool administered by LSUS Foundation as fiscal agent. CERT has no other assets that are considered cash equivalents.

G. Revenue and Support

Contributions received may be recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

1. Summary of Significant Accounting Policies (Continued)

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

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 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 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.

H. Compensated Absences

Employees earn approximately fifteen days per year of vacation leave, which may be accumulated up to approximately 22 days. In addition, employees earn approximately sixteen days per year of sick leave, which may be accumulated without limitation.

All employees of CERT are included in the payroll systems of other entities. Such entities bill CERT periodically for reimbursement of the costs of such employees, including employer-related costs, as such costs are paid out. Accordingly, CERT does not accrue a liability for vacation or sick leave.

I. Advertising Expense

Advertising expense is expensed as incurred, and it amounted to \$2,476 at June 30, 2004.

2. Contractual Revenue

During the year ended June 30, 2004, CERT received contractual revenue from federal and state grants in the amount of \$159,873. The continued existence of these funds is based on annual contract renewals with various funding sources; amounts renewed may differ significantly from those in existence at June 30, 2004. All revenue from these grants is subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries; adjustments in future periods may be necessary as final grant settlements are determined. Such grant revenue is summarized as follows:

Louisiana Department of Economic Development	117,116
North Louisiana Partnership for Innovation	29,257
Louisiana Workforce Commission	<u>13,500</u>
	<u>159,873</u>

3. Leases

CERT leases space under an operating lease, of which the rental cost for the year ended June 30, 2004 amounted to \$11,970; of this amount, \$8,370 was donated by the lessor. The lease represents a verbal commitment with no lease obligation exceeding one year.

4. Conditional Promises

Conditional promises consist of the unfunded portions of approved governmental awards, either currently in effect or approved for commencement after June 30, 2004. Future funding of such awards is conditioned upon CERT's operation of certain programs, incurrence of certain costs, and possibly meeting certain matching requirements. Because such awards represent conditional promises to CERT, they have not been recognized in the financial statements at June 30, 2004. Such conditional promises amounted to approximately \$179,000 at June 30, 2004.

OTHER REPORTS

December 16, 2004

To the Board of Directors
Consortium for Education, Research & Technology of North Louisiana
Shreveport, Louisiana

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

We have audited the financial statements of Consortium for Education, Research & Technology of North Louisiana as of and for the year ended June 30, 2004, and have issued our report thereon dated December 16, 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 the financial statements of Consortium for Education, Research & Technology of North Louisiana 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 Consortium for Education, Research & Technology of North Louisiana'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 consolidated 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 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 management, the board of directors, and the State of Louisiana, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Howard M. Gray & Ventral, LLP

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2004

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Consortium for Education, Research & Technology of North Louisiana
2. No material weaknesses relating to the audit of the financial statements are reported; no reportable conditions are reported.
3. No instances of noncompliance material to the financial statements of Consortium for Education, Research & Technology of North Louisiana were disclosed during the audit.
4. Consortium for Education, Research & Technology of North Louisiana was not subject to a federal single audit.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2004

No matters were reported in the prior year.