

VITA

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORTS**

Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Volunteer Instructors Teaching Adults
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Volunteer Instructors Teaching Adults, Inc. (VITA) (a nonprofit corporation) as of June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VITA as of June 30, 2014, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
October 31, 2014

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Volunteer Instructors Teaching Adults
Lafayette, Louisiana

We have audited, in accordance with the 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, the financial statements of Volunteer Instructors Teaching Adults, Inc. (VITA) (a nonprofit organization) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise VITA's basic financial statements, and have issued our report thereon dated October 31, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered VITA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VITA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of VITA's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether VITA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Governmental Auditing Standards*.

PURPOSE OF THE REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VITA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VITA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
October 31, 2014

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2014

ASSETS

CURRENT ASSETS:

Cash - Checking and Savings	\$	714,251
Grants Receivable		142,559
Prepaid Expenses		-
		<hr/>
TOTAL CURRENT ASSETS		856,810

PLANT AND EQUIPMENT:

Furniture & Equipment		115,732
Accumulated Depreciation		(81,422)
		<hr/>
TOTAL PLANT AND EQUIPMENT, NET		34,310

TOTAL ASSETS	\$	<u>891,120</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$	5,726
Accrued Payroll Taxes		2,132
Deferred Revenue		8,492
		<hr/>
TOTAL LIABILITIES		16,350

NET ASSETS:

Unrestricted:		
Operating		706,393
Plant and Equipment		34,310
Total Unrestricted		<hr/>
		740,703
Temporarily Restricted		134,067
Permanently Restricted		-
		<hr/>
TOTAL NET ASSETS		874,770
		<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>891,120</u>

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

SUPPORT AND REVENUE

Contributions	\$ 6,762
Grants (Note B)	539,971
Donated Services and Facilities	55,875
Fees & Dues	1,820
Investment Income	3,473
	<hr/>
TOTAL SUPPORT AND REVENUE	607,901

EXPENSES

Advertising, including donated (21,875)	23,491
Banquet Expense	1,103
Computer Expenses	12,240
Contract Services	3,206
Depreciation	9,740
Professional Services, including donated (3,600)	13,790
Dues and Subscriptions	1,351
Employee and Board lunches	2,291
Insurance	23,997
Miscellaneous	241
Office	12,166
Postage	744
Printing, including donated (400)	1,828
Rent, including donated (30,000)	60,023
Repairs and Maintenance	2,676
Salaries and compensated absences	313,568
Taxes - Payroll	24,420
Telephone & Utilities	7,440
Training Material	16,566
Travel, Conferences, Staff Training	3,705
Tutor Training	117
	<hr/>
TOTAL EXPENSES	534,703

OTHER INCOME (EXPENSES)

Unrealized Holding Gains (Losses)	1,363
	<hr/>

TOTAL OTHER INCOME (EXPENSES)	1,363
	<hr/>

INCREASE IN NET ASSETS	\$ 74,561
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets - increase	\$ 74,561
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,740
Decrease (Increase) in grants receivable	(14,484)
Increase (Decrease) in accounts payable	5,270
Increase (Decrease) in accrued payroll taxes & expenses	473
Increase (Decrease) in deferred revenue	<u>(27,068)</u>
Total adjustments	<u>(26,069)</u>
Net cash provided by operating activities	48,492
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(8,148)
Dispositions of property and equipment	<u>-</u>
Net cash (used) by investing activities	(8,148)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash (used) by financing activities	<u>-</u>
Net increase in cash	40,344
Beginning cash balance	<u>673,907</u>
Ending cash balance	<u><u>\$ 714,251</u></u>

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

<u>Expenses</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
Advertising, including donated	23,491	-	23,491
Banquet Expense	938	165	1,103
Computer Expense	11,016	1,224	12,240
Contract Services	2,725	481	3,206
Depreciation	8,569	1,171	9,740
Professional Services, including donated	11,722	2,069	13,790
Dues and Subscriptions	1,148	203	1,351
Employee and Board Lunches	1,947	344	2,291
Insurance	20,397	3,600	23,997
Miscellaneous	205	36	241
Office	10,341	1,825	12,166
Postage	632	112	744
Printing, including donated	1,554	274	1,828
Rent, including donated	54,021	6,002	60,023
Repairs and Maintenance	2,275	401	2,676
Salaries and Compensated Absences	274,960	38,608	313,568
Taxes - Payroll	21,422	2,998	24,420
Telephone & Utilities	6,324	1,116	7,440
Training Material	16,566	-	16,566
Travel, Conferences, Staff Training	3,705	-	3,705
Tutor Training	117	-	117
Total Expenses	\$ 474,075	\$ 60,628	\$ 534,703

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

VITA is a nonprofit community-based educational organization founded in May 1982 for the purpose of providing tutoring services in the Lafayette & Opelousas area to over 740 adults whose English reading skills are very limited. The ESL portion of VITA teaches a diverse student population with ten different native languages. Specially trained volunteers who can teach reading, writing, and English speaking skills provide goal-oriented tutoring, e.g. GED instruction. Tutoring sessions are held for a minimum of 2 hours twice each week in community locations at a time and place convenient to both tutors and students. VITA provides the professional training, materials and support that enable the volunteers to be effective tutors. Primary funding is provided by annual grants from the Louisiana Community & Technical College System through federal and state adult education money available under the Workforce Investment Act of 1998. In September 2008, VITA assumed responsibility for the St. Landry Parish Adult Education program. Through partnership with Louisiana Technical College, VITA tutors over 400 students in Opelousas. VITA governance is maintained by a 16 member Board of Directors, which hires and provides oversight of the Executive Director. The Board is very active in oversight duties and meets monthly to monitor the budget, program activities, etc.

Financial Statement Presentation

The Board of Directors adopted provisions of No. 116 (now FASB-ASC 958), **Accounting for Contributions Received and Contributions Made** and No. 117, **Financial Statements of Not-for-Profit Organizations** as of April 1, 1995. Statement of Financial Accounting Standards No. 116 requires the Board to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

Estimates

The preparation of financial statements in conformity with U.S. 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.

Income Taxes

The organization qualifies as a tax-exempt organization under Section 501 (c) (3) of The Internal Revenue Code and, therefore, has no provision for federal income taxes. VITA files an annual 990 tax return for the fiscal year ended June 30th in the U.S. federal jurisdiction. VITA has no unrelated business income and no tax liability. U.S. federal income tax returns prior to fiscal year June 30, 2011 are closed by statutes of limitations.

Property and Equipment

Property and equipment purchased is recorded at cost. The fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support. Depreciation is computed on the straight-line method over the estimated useful lives of the individual assets; generally five to seven years.

Accrual Basis of Accounting

The books are routinely maintained on a cash basis and are converted to the accrual basis at year-end for these financial statements. Accrual basis accounting records revenue when earned rather than when received and records expenses when incurred rather than when paid, in accordance with U.S. generally accepted accounting principles.

Accounting for Restricted/Unrestricted Support

VITA reports gifts of cash and other assets as unrestricted support, even if they are received with donor stipulations that limit the use of the donated assets, if the restrictions are met in the reporting period. Since the majority of temporarily restricted grant funds are of a reimbursable nature, the purpose restriction has usually been met before the grant reimbursement is received.

Deferred Revenue - Grants and exchange transactions

Some grants are actually "exchange transactions" that do not qualify as contributions under SFAS 116 (now FASB-ASC 958). In such cases, revenue is not recognized until the services required by the grant are rendered. Until the revenue is recognized, any cash or grant receivable asset must be offset by a "deferred or unearned revenue" liability. These exchange transactions differ from contributions in that the method or type of services reimbursed is stipulated by the granting authority and not by the nonprofit organization.

Cash Equivalents

For purposes of the statement of cash flows, VITA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Compensated Absences

Under SFAS 43 (now FASB ASC 710), an employer generally is required to accrue a liability for employees' rights to receive compensation for future absences. The amount of the compensation is included in salaries and compensated absences expense. VITA policy does not allow unused compensated absences to carry over beyond the end of the calendar year. A liability for earned but unused compensated absences at June 30, 2014 has not been recorded. Total liability would be immaterial, especially due to the no carryover policy.

Note B – Federal, State and Local Financial Assistance and Grant Awards (Excludes Deferred Revenue)

Federal Funds

Department of Education (CFDA #84.002A)	\$ 249,846*
Department of Health & Human Services STEP/TANF (CFDA #93.558B)	<u>2,115</u>
Total Federal Funds	251,961

* Includes Adult Education, ESL, Supplemental, & Technology awards.

State/Local Funds

Lafayette Consolidated Government	14,840^
La. Comm. & Technical College System	121,570
Lafayette Parish School Board	<u>20,000</u>
Total State/Local Funds	156,410

^ Includes a portion of FYE 2012-2013 grant and FYE 2013-2014 grant.

Other

United Way (Lafayette & St. Landry/Evang.)	101,600
Dollar General	15,000
Pugh Family Foundation	<u>15,000</u>
Total Other Awards	<u>131,600</u>
Total Grant Awards	<u>\$ 539,971</u>

Note C – Contributed Services & Facilities (In-Kind)

Contributed services of volunteers are recognized in the statement of activities if the services received:

- (a) Create or enhance non-financial assets (land, building, etc.); or
- (b) Require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Amounts meeting these criteria have been recognized in the following areas:

Donated advertising	\$ 21,875
Donated rent (Lafayette and St. Landry)	30,000
Donated professional (legal and accounting & computer tech)	3,600
Donated printing	400
TOTAL	<u>\$ 55,875</u>

Note D – Volunteer Tutors

The value of donated services from volunteer tutors is not recognized in the financial statements. Approximately 125 volunteer tutors donated approximately 23,000 hours of time in tutoring 747(402 in St. Landry) adults in the various literacy programs in Lafayette and St. Landry. Because these donated services do not meet the criteria as described in Note C, they are not recorded in the financial statements.

Note E – Subsequent Events

Subsequent to the balance sheet date of June 30, 2014, but prior to the issuance of this report, VITA has received several grant award notification letters from its cognizant agency, the Louisiana Community and Technical College System. The total federal, state and ESL funds awarded for the 2014-2015 fiscal year are anticipated to be funded at a level about \$15,000 above the current fiscal year.

The grant from United Way of Acadiana for 2015 is expected to be approximately \$30,000 for family literacy and \$65,500 for workplace literacy, but cannot be confirmed until award letters go out in January 2015, and United Way of St. Landry-Evangeline is expected to be about \$10,000, or slightly more than 2014 awards. The Pugh Foundation grant is anticipated to be funded at the same level of \$15,000. However, the Dollar General grant will not be awarded in 2015 – a net drop of \$15,000.

Subsequent events were evaluated through November 6, 2014, which is the date the financial statements were available to be issued.

Note F – Lease Commitments

VITA renewed a two-year lease for the Lafayette office commencing on November 1, 2012 and expiring on October 31, 2014 with Whitney Bank. Base rent is \$7.50 per square foot, (VITA occupies 3,743 square feet), and does not require VITA to pay a share of the excess operating costs. The lease with Whitney Bank is at a rate which is 50% of fair market value rent for the building's commercial tenants. At the date of this report, the building is being sold and future lease renewals are uncertain. VITA will be on a month to month basis with Whitney Bank beginning November 1, 2014. There is a possibility that VITA will be required to move in the 2014-2015 fiscal year.

The donated portion of both the office space and computer lab in Lafayette and the space in Opelousas is recorded in the line item “donated services and facilities” in the Statement of Activities. The rent expense line item reflects total rent (including the donated portion) as if the fair market value had been paid. See footnote C for further explanation of the proper accounting of donated services and facilities.

Scheduled payments under current lease obligations:

Year Ended June 30,	<u>Lafayette</u>	<u>St. Landry</u>
2015	9,358	1,950
2016	--	--
2017	--	--
2018	--	--
2019	--	--
	<u>\$ 9,358</u>	<u>\$1,950</u>

Note G – Grants Receivable on 2013-2014 grant periods that extend past June 30, 2014

LCTCS (BASIC) – Federal & State	35,640
LCTCS (ESL)	6,736
Federal Supplement	15,483
United Way – Lafayette	70,950
Lafayette Consolidated Government	1,414
LPSS – School Board	<u>12,337</u>
Total	<u>\$ 142,560</u>

Note H – Major Grantor/Concentration

For the year ended June 30, 2014, VITA had three major grantors, support from which was approximately 97% of total cash support/revenues. Support from these agencies was approximately \$540,000 for the year ended June 30, 2014. These grantors are the Louisiana Community & Technical College System (includes U.S. Dept. of Education and H.H.S.), Lafayette Parish School Board, and United Way of Acadiana and St. Landry.

Note I – Donated Tutor Sites

The value of approximately 70 free tutoring sites at libraries, recreation buildings, offices, schools, churches, etc. is not recognized in the financial statements. Because these donated sites do not meet the criteria as described in Note C, they are not recorded in the financial statements, but they provide a vital free service to VITA’s tutoring programs in Lafayette and Opelousas.

Concluded

SUPPLEMENTAL INFORMATION

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.
SUMMARY OF AUDITORS' RESULTS:

Year Ended June 30, 2014

Type of Auditor's Report: *Unqualified*

Report on Compliance and Controls: *Unqualified*

Material Noncompliance: *None*

Internal Control Over Financial Reporting -

- **Material Weakness Identified:** *None*
- **Significant Deficiency Identified:** *None*

**VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.
SCHEDULE A – EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA #</u>	<u>Federal Expenditures</u>
Pass Through Awards from Louisiana:		
U.S. Department of Education Office of Vocational & Adult Education	84.002A	\$206,757
U.S. Department of Education Office of Vocational & Adult Education ESL/Civics Education	84.002A	\$ 43,089
U.S. Department of Health & Human Services - STEP/TANF	93.558B	<u>\$ 2,115</u>
<i>Total Pass Through Awards:</i>		<u>\$ 251,961</u>
<i>Total Federal Awards</i>		<u>\$ 251,961</u>

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

**SCHEDULE B – SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
AND RELATED CORRECTIVE ACTION**

Year Ended June 30, 2014

PRIOR YEAR FINANCIAL STATEMENT FINDINGS:

QUESTIONED COSTS:

NONE

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

**SCHEDULE C- SUMMARY OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
AND RELATED CORRECTIVE ACTION**

Year Ended June 30, 2014

CURRENT YEAR FINANCIAL STATEMENT FINDINGS:

QUESTIONED COSTS:

NONE