

**VITA**  
**VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.**  
**FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITORS' REPORTS**  
**Year Ended June 30, 2012**

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 NOV 14 2012

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3-4
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	5-6
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF ACTIVITIES	8
STATEMENT OF CASH FLOWS	9
STATEMENT OF FUNCTIONAL EXPENSES	10
NOTES TO FINANCIAL STATEMENTS	11-15
SUPPLEMENTAL INFORMATION	
SUMMARY OF AUDITORS' RESULTS	17
SCHEDULE A - EXPENDITURES OF FEDERAL AWARDS	18
SCHEDULE B - SUMMARY OF PRIOR YEAR FINDINGS & QUESTIONED COSTS	19
SCHEDULE C - SUMMARY OF CURRENT YEAR FINDINGS & QUESTIONED COSTS	20

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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, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of VITA'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 VITA as of June 30, 2012, and the changes in net assets and its cash flows for the year ended June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of VITA's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. 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.

Louis R. Rolfes II, CPA, APAC  
Lafayette, Louisiana  
September 28, 2012

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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 the financial statements of Volunteer Instructors Teaching Adults, Inc. (VITA) (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 28, 2012. 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.

#### **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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **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*.

This report is intended solely for the information and use of the Board of Directors, management, the local Board of United Way, the Louisiana Department of Education, the Louisiana Community and Technical College System and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Louis R. Rolfes II, CPA, APAC  
Lafayette, Louisiana  
September 28, 2012

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2012

ASSETS

CURRENT ASSETS:

Cash - Checking and Savings	\$	602,966
Grants Receivable		80,532
Other Receivables		-
Prepaid Expenses		-

**TOTAL CURRENT ASSETS** **683,498**

PLANT AND EQUIPMENT:

Furniture & Equipment	126,184
Accumulated Depreciation	(120,129)

**TOTAL PLANT AND EQUIPMENT, NET** **6,055**

OTHER ASSETS:

Deposits	390
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**TOTAL OTHER ASSETS** **390**

**TOTAL ASSETS** **\$ 689,943**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$	596
Accrued Compensated Absences		-
Accrued Payroll Taxes		2,393
Deferred Revenue		11,292
<b>TOTAL LIABILITIES</b>		<b>14,281</b>

NET ASSETS:

<b>Unrestricted:</b>		
Operating	592,867	
Plant and Equipment	8,055	
<b>Total Unrestricted</b>	<b>598,922</b>	
Temporarily Restricted	76,740	
Permanently Restricted	-	
<b>TOTAL NET ASSETS</b>	<b>675,662</b>	

**TOTAL LIABILITIES AND NET ASSETS** **\$ 689,943**

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

**SUPPORT AND REVENUE**

Contributions	\$	5,374
Grants (Note B)		468,187
Donated Services and Facilities		55,875
Fees & Dues		1,102
Investment Income		16
		<hr/>
<b>TOTAL SUPPORT AND REVENUE</b>		<b>530,554</b>

**EXPENSES**

Advertising, including donated (21,875)		21,875
Bank Charges		60
Banquet Expense		3,345
Contract Services		5,545
Depreciation		3,526
Professional Services, including donated (3,600)		7,880
Dues and Subscriptions		986
Employee and Board lunches		2,338
Insurance		22,842
Miscellaneous		46
Office		8,140
Postage		1,602
Printing, including donated (400)		876
Rent, including donated (30,000)		56,280
Repairs and Maintenance		1,723
Salaries and compensated absences		269,130
Taxes - Payroll		22,224
Telephone & Utilities		8,318
Training Material		14,121
Travel, Conferences, Staff Training		3,274
Tutor Training		150
		<hr/>
<b>TOTAL EXPENSES</b>		<b>454,281</b>

**OTHER INCOME (EXPENSES)**

Unrealized Holding Gains (Losses)		(513)
		<hr/>

<b>TOTAL OTHER INCOME (EXPENSES)</b>		<b>(513)</b>
		<hr/>

<b>INCREASE IN NET ASSETS</b>	<b>\$</b>	<b>75,760</b>
		<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, 2012**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets - increase	\$ 75,760
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,526
Decrease (Increase) in grants receivable	16,595
Increase (Decrease) in accounts payable	233
Increase (Decrease) in accrued payroll taxes & expenses	716
Increase (Decrease) in deferred revenue	<u>(14,410)</u>
<b>Total adjustments</b>	<u>6,660</u>
<b>Net cash provided by operating activities</b>	<b>82,420</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Additions to property and equipment	(1,082)
Dispositions of property and equipment	-
Non-cash adjustment to investment value	<u>(160)</u>
<b>Net cash (used) by investing activities</b>	<b>(1,242)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>Net cash (used) by financing activities</b>	<u>-</u>
<b>Net increase in cash</b>	<b>81,178</b>
<b>Beginning cash balance</b>	<u>521,788</u>
<b>Ending cash balance</b>	<u><u>\$ 602,966</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, 2012**

<u>Expenses</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
Advertising, including donated	21,875	-	21,875
Bank Charges	45	15	60
Banquet Expense	2,509	836	3,345
Contract Services	4,159	1,386	5,545
Depreciation	2,645	882	3,526
Professional Services, including donated	5,910	1,970	7,880
Dues and Subscriptions	740	247	986
Employee and Board Lunches	1,754	585	2,338
Insurance	17,132	5,711	22,842
Miscellaneous	35	12	46
Office	6,105	2,035	8,140
Postage	1,202	401	1,602
Printing, including donated	657	219	876
Rent, including donated	50,652	5,628	56,280
Repairs and Maintenance	1,292	431	1,723
Salaries and Compensated Absences	201,848	67,283	269,130
Taxes - Payroll	16,668	5,556	22,224
Telephone & Utilities	6,239	2,079	8,318
Training Material	14,121	-	14,121
Travel, Conferences, Staff Training	3,274	-	3,274
Tutor Training	150	-	150
<b>Total Expenses</b>	<b>\$ 359,008</b>	<b>\$ 95,273</b>	<b>\$ 454,281</b>

The accompanying notes are an integral part of this statement.

## VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

### NOTES TO FINANCIAL STATEMENTS

June 30, 2012

#### **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 area to over 350 adults whose reading skills are very limited or non-existent. Specially trained volunteers who can teach reading, writing, and English speaking skills provide goal-oriented tutoring. 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 15 member Board of Directors, which hires and provides oversight of the Executive Director. The Board is very active in oversight duties and meets monthly.

##### Financial Statement Presentation

The Board of Directors adopted provisions of Statement of Financial Accounting Standards No. 116, **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 Tax Status

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 30<sup>th</sup>. VITA has no unrelated business income and no tax liability.

### 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. 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, 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 and the corresponding liability included on the Statement of Financial Position as of June 30, 2012.

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

Federal Funds

Department of Education* (CFDA #84.002A)	\$ 198,821
Department of Health & Human Services STEP/TANF (CFDA #93.558B)	11,140

State/Local Funds

Lafayette Consolidated Government	15,784
La. Comm. & Technical College System	83,206
Lafayette Parish School Board	<u>20,000</u>
Total Government	328,951

Other

United Way (Lafayette & St. Landry/Evang.)	100,236
Community Foundation	27,000
Dollar General	10,000
Gannett Foundation	<u>2,000</u>

Total Grant Awards \$ 468,187

Since all federal and state grants are of a reimbursable nature, grant revenue and expenditures are essentially equal.

\*Funding provided under programs for adult basic and English as second language (ESL).

**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	<u>400</u>
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 22,500 hours of time in tutoring adults in the various literacy programs. 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, 2012, 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, STEP/TANF, and ESL funds allocated for the 2012-2013 fiscal year are anticipated to be about \$378,665, or about 30% higher than the total grants awarded this current July 1, 2011 to June 30, 2012 fiscal year.

The grant from United Way of Acadiana for 2013 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 2013, and United Way of St. Landry-Evangeline is expected to be about \$6,000, or essentially the same as 2012 awards.

#### Note F – Lease Commitments

VITA renewed a two-year lease (with a two year renewal option) for the Lafayette office commencing on May 1, 2010 and expiring on October 31, 2012 with Whitney National Bank. The lease calls for a base monthly rent of \$6.50 per square foot, increasing to \$7.00 per square foot on November 1, 2011 (VITA occupies 3,743 square feet), and does not require VITA to pay a share of the excess operating costs. The lease with Whitney National Bank is at a rate which is 50% of fair market value rent for the building's commercial tenants. The renewal signed in June 2012 calls for an increase to \$7.50 per square foot beginning November 1, 2012 for 2 years.

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>
2013	26,825	1,950
2014	28,072	1,950
2015	9,358	--
2016	--	--
2017	--	--
	<u>\$64,255</u>	<u>\$3,900</u>

**Note G – Grants Receivable on 2011-2012 grant periods that extend past June 30, 2012**

TANF – STEP	1,859
LCTCS (BASIC)	23,535
LCTCS (ESL)	2,681
Federal Supplement	750
United Way – Lafayette	47,300
Lafayette Consolidated Government	<u>4,407</u>
Total	<u>\$ 80,532</u>

**Note H – Major Grantor/Concentration**

For the year ended June 30, 2012, VITA had three major grantors, support from which was approximately 88% of total cash support/revenues. Support from these agencies was approximately \$396,765 for the year ended June 30, 2012. 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. Going forward, the Department of Education grants will now be administered by the Louisiana Community and Technical College System.

**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, 2012**

**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, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA #</u>	<u>Federal Expenditures</u>
<b>Pass Through Awards from Louisiana:</b>		
U.S. Department of Education Office of Vocational & Adult Education	84.002A	\$ 166,649
U.S. Department of Education Office of Vocational & Adult Education EL/Civics Education	84.002A	\$ 32,172
U.S. Department of Health & Human Services - STEP/TANF	93.558B	<u>\$ 11,140</u>
<i>Total Pass Through Awards:</i>		<u>\$ 209,961</u>
<i>Total Federal Awards</i>		<u>\$ 209,961</u>

**VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.**

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

**Year Ended June 30, 2012**

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS:  
COSTS:**

**QUESTIONED**

NONE

**VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.**

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

**Year Ended June 30, 2012**

**CURRENT YEAR FINANCIAL STATEMENT FINDINGS:      QUESTIONED COSTS:**

NONE