
LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2005 AND 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.

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LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2005 AND 2004

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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, 2005 and 2004, and the related statements of activities, functional expenses, and cash flows for the years then ended. 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, 2005 and 2004, and the change in its net assets and its cash flows for the years then ended, 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 20, 2005, 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, grants, 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 provide an opinion on the 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 20, 2005

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2005 AND 2004

ASSETS

	2005	2004
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 275,375	\$ 4,589
Accounts receivable	108,764	163,191
Inventory	152	1,085
Prepaid expenses	2,355	11,000
Total current assets	386,646	179,865
 <u>PROPERTY AND EQUIPMENT</u>		
Furniture and equipment	482,603	464,023
Building improvements	163,455	158,455
Library	71,921	71,921
	717,979	694,399
Less: accumulated depreciation	(440,756)	(333,403)
	277,223	360,996
Total Assets	\$ 663,869	\$ 540,861

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 40,101	\$ 42,383
Other liabilities	121,433	97,859
Total current liabilities	161,534	140,242
 <u>NET ASSETS</u>		
Unrestricted	383,130	362,275
Temporarily restricted	119,205	38,344
Total net assets	502,335	400,619
Total Liabilities and Net Assets	\$ 663,869	\$ 540,861

The accompanying notes are an integral part of these statements.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	6/30/05		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Public support	\$ 157,762	\$ 143,586	\$ 301,348
Grant from governmental agency	701,656	20,000	721,656
Program service fees	298,412	-	298,412
Interest income	1,626	-	1,626
Miscellaneous	13,242	-	13,242
Total support and revenue	1,172,698	163,586	1,336,284
Net assets released from restriction	82,725	(82,725)	-
Total revenue and other support	1,255,423	80,861	1,336,284
EXPENSES:			
Program services	834,412	-	834,412
Management and general	345,759	-	345,759
Fundraising	54,397	-	54,397
Total expenses	1,234,568	-	1,234,568
Changes in net assets	20,855	80,861	101,716
Net assets - beginning of year	362,275	38,344	400,619
Net assets - end of year	\$ 383,130	\$ 119,205	\$ 502,335

The accompanying notes are an integral part of these statements.

6/30/04

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 151,665	\$ 305,653	\$ 457,318
749,726	-	749,726
282,345	-	282,345
874	-	874
22,291	-	22,291
<u>1,206,901</u>	<u>305,653</u>	<u>1,512,554</u>
<u>405,747</u>	<u>(405,747)</u>	<u>-</u>
<u>1,612,648</u>	<u>(100,094)</u>	<u>1,512,554</u>
1,028,084	-	1,028,084
374,175	-	374,175
76,341	-	76,341
<u>1,478,600</u>	<u>-</u>	<u>1,478,600</u>
134,048	(100,094)	33,954
<u>228,227</u>	<u>138,438</u>	<u>366,665</u>
<u>\$ 362,275</u>	<u>\$ 38,344</u>	<u>\$ 400,619</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	6/30/05			
	Program Services	Management and General	Fundraising	Total
<u>EXPENSES</u>				
Advertising	\$ 15,568	\$ 1,058	\$ -	\$ 16,626
Contract labor	90,332	-	-	90,332
Consulting fees	-	-	-	-
Contributions	-	-	-	-
Bank charges	-	2,891	-	2,891
Depreciation & amortization	67,537	29,480	10,336	107,353
Direct program charge	-	1,790	-	1,790
Donor appreciation	-	-	-	-
Dues & subscriptions	20,882	2,458	-	23,340
Employee benefits	52,635	14,438	5,277	72,350
Employee training	5,873	2,515	-	8,388
Equipment	9,336	3,966	1,391	14,693
Insurance	-	6,474	-	6,474
Interest	-	-	-	-
Janitorial services	-	-	-	-
Library expenses	21,245	-	-	21,245
Licenses and permits	-	5	-	5
Miscellaneous	9,841	1,898	-	11,739
Moving expenses	-	-	-	-
Postage	7,493	8,051	-	15,544
Printing	16,790	16,623	-	33,413
Professional services	10,247	30,504	-	40,751
Rental expense	129,223	32,816	-	162,039
Repairs & maintenance	-	20,145	-	20,145
Salaries	327,985	149,675	36,201	513,861
Software and technology	-	-	-	-
Staff motivation incentives	-	-	-	-
Stipends	2,380	-	-	2,380
Supplies	37,215	13,729	1,192	52,136
Taxes	-	-	-	-
Telephone	-	6,972	-	6,972
Travel and fundraising	9,830	271	-	10,101
	<u>\$ 834,412</u>	<u>\$ 345,759</u>	<u>\$ 54,397</u>	<u>\$ 1,234,568</u>

The accompanying notes are an integral part of these statements.

6/30/04

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 2,048	\$ 479	\$ 150	\$ 2,677
127,225	1,502	-	128,727
2,175	-	-	2,175
1,324	-	-	1,324
24	220	-	244
88,861	9,874	-	98,735
-	-	-	-
-	587	-	587
2,116	2,342	-	4,458
62,705	29,352	8,945	101,002
4,037	525	-	4,562
1,895	1,712	-	3,607
-	111	-	111
-	55	-	55
-	-	-	-
5,845	-	-	5,845
2,100	5	-	2,105
11,645	8,047	1,336	21,028
216	88	44	348
10,392	6,954	1,175	18,521
28,960	14,937	2,404	46,301
21,045	23,791	-	44,836
129,955	34,228	-	164,183
-	17,692	-	17,692
455,879	203,004	61,862	720,745
2,829	845	-	3,674
300	130	-	430
5,672	-	-	5,672
39,605	8,067	127	47,799
13	347	-	360
3,463	7,483	-	10,946
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>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 101,716	\$ 33,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	107,353	98,735
Changes in operating assets and liabilities:		
Accounts receivable	54,427	(75,841)
Prepaid expenses	8,645	2,959
Inventory	933	1,178
Accounts payable and other accrued liabilities	21,290	27,993
Net cash provided by operating activities	294,364	88,978
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(23,578)	(219,645)
Net cash used in investing activities	(23,578)	(219,645)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on capital lease	-	(9,600)
Net cash used in financing activities	-	(9,600)
Net decrease in cash and cash equivalents	270,786	(140,267)
Cash and cash equivalents - beginning of year	4,589	144,856
Cash and cash equivalents - end of year	\$ 275,375	\$ 4,589

The accompanying notes are an integral part of these statements.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENT

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.

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, 2005 and 2004.

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, 2005 and 2004, 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 STATEMENT

1. **Summary of Significant Accounting Policies** (continued)

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 years ended June 30, 2005 and 2004, there were no contributed services meeting the requirements for recognition in the financial statements.

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. At certain times throughout the year, balances in the cash accounts may have exceeded the amount insured by the Federal Deposit Insurance Corporation of \$100,000.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The Organization expenses the cost of advertising as incurred. Total advertising expenses for the years ended June 30, 2005 and 2004 were \$16,626 and \$2,677, respectively.

2. **Concentration of Support**

During the years ended June 30, 2005 and 2004, the Organization derived approximately 54% and 50%, respectively, of its support and revenue from state grants.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENT

3. **Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Algebra Project	\$ 12,500	\$ -
Dictionary Project	5,539	-
Early Childhood	4,691	-
Entergy	17,481	-
Exercise for Education	6,479	-
Experience It All	5,500	18,500
Food from the Bayou	-	11,000
Library	5,986	-
Meeting the Challenge	2,000	2,000
Reilly Family Fund – Professional Development	12,323	-
Reilly Family Fund – Technology	43,043	-
Colonial Williamsburg	3,663	6,844
	<u>\$ 119,205</u>	<u>\$ 38,344</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>2005</u>	<u>2004</u>
Chemistry the Core	\$ -	\$ 3,969
Coastal Erosion	-	642
Dictionary Project	7,061	10,150
Early Childhood	15,309	-
Exercise for Education	9,776	-
Expansion	-	165,856
Experience It All	18,500	31,036
Food from the Bayou	11,160	1,320
LEAP Remediation	-	4,015
Library	3,104	25,766
LSU Math Workbook	-	16,987
Math Teachers for Louisiana	-	33,812
Meeting the Challenge	-	26,514
Pedometers	-	10,531
Praxis	-	1,897
Raising Radishes	-	2,755
Reilly Conference Center	-	19,792
Reilly Family Fund – Professional Development	177	-
Reilly Family Fund – Technology	4,457	-
School Law Workshop	-	12
Science Teachers for Louisiana	-	17,438
South Louisiana Field Trip Book	-	6,169
Technology	-	11,442
Troubled Kids Program	-	8,262
Williamsburg Institute	13,181	7,382
Total restrictions released	<u>\$ 82,725</u>	<u>\$ 405,747</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENT

5. **Leases**

The Organization's lease for its office space began January 2001 and was 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 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. One lease expired in December 2004, and a new five year lease was signed in February 2005. The new lease expires in January 2010. The other lease expires in 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.

The following represents the Organization's annual obligations on its leases:

2006	\$ 158,881
2007	158,881
2008	154,919
2009	167,081
2010	166,387
Thereafter	525,000

Total rent expense charged to operations during the years ended June 20, 2005 and 2004, was approximately \$162,039 and \$164,183, respectively.



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**REPORT ON COMPLIANCE AND OTHER MATTERS 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 year ended June 30, 2005 and have issued our report thereon dated September 20, 2005. 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 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 reportable 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 caused by error or fraud 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.

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*.

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.

Postlithwaite & Netterville

Baton Rouge, Louisiana
September 20, 2005

