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LOUISIANA LEADERSHIP INSTITUTE
FINANCIAL STATEMENTS
JUNE 30, 2010

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 16 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Leadership Institute
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of the Louisiana Leadership Institute (a non-profit organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Leadership Institute as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 9, 2011, on my consideration of Louisiana Leadership Institute's compliance with certain provisions of laws, regulations, contracts, and grants, and on internal control over financial reporting. 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 my audit.



Baton Rouge, Louisiana
November 9, 2011

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**INDEPENDENT AUDITOR'S 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***

To the Board of Directors
Louisiana Leadership Institute
Baton Rouge, Louisiana

I have audited the financial statements of Louisiana Leadership Institute (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued my report thereon dated November 9, 2011. I conducted my 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 my audit, I considered Louisiana Leadership Institute's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Leadership Institute's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization'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 deficiency, or 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.*

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Leadership Institute's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 10-01.

Louisiana Leadership Institute's response to the finding identified in my audit is described in the accompanying schedule of findings and responses. I did not audit Louisiana Leadership Institute's response and, accordingly, I express no opinion on it.

This report is intended for the information of the board of directors, management, and the Legislative Auditor of the State of Louisiana 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.

A handwritten signature in black ink, appearing to be a stylized name, located above the typed text.

Baton Rouge, Louisiana
November 9, 2011

**LOUISIANA LEADERSHIP INSTITUTE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010**

ASSETS

Current assets	
Cash	\$ 141,357
Total current assets	<u>141,357</u>
Property and equipment	
Property and equipment, net	<u>5,828,750</u>
Total assets	\$ <u>5,970,107</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Current liabilities	
Accounts payable and accrued expenses	\$ 83,481
Current portion of long-term debt	<u>8,217</u>
Total current liabilities	91,698
Long-term debt, less current portion	<u>91,783</u>
Total liabilities	<u>183,481</u>

NET ASSETS

Net assets	
Unrestricted	<u>5,786,626</u>
Total net assets	<u>5,786,626</u>
Total liabilities and net assets	\$ <u>5,970,107</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA LEADERSHIP INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

		<u>Unrestricted</u>
<u>REVENUE AND SUPPORT</u>		
Grant income	\$	2,636,535
Donations and contributions		42,200
Interest and other income		265,049
Total revenue and support		2,943,784
 <u>EXPENSES</u>		
<u>Program expenses</u>		
Depreciation		200,392
Field trips and travel expenses		546
Insurance		15,740
Internet and telephone expense		8,734
Miscellaneous		23,306
Motor coach and van expenses		71,148
Office expense and supplies		5,713
Program expenses		80,109
Repairs and maintenance		3,100
Rent		1,789
Salaries and fringes/contract labor		65,209
Utilities and occupancy costs		41,239
Total program expenses		517,024

The accompanying notes are an integral part of this financial statement.

**LOUISIANA LEADERSHIP INSTITUTE
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>
<u>Support services</u>	
Bank service charges	1,281
Depreciation	19,542
Insurance	3,889
Internet and telephone expense	970
Miscellaneous expense	2,590
Office expense and supplies	2,337
Postage	56
Printing	30
Professional services	5,605
Repairs and maintenance	344
Salaries and fringes/contract labor	14,152
Utilities and occupancy costs	<u>3,364</u>
Total support services	<u>54,161</u>
Total expenses	<u>571,185</u>
Change in net assets	2,372,599
Net assets, beginning of year	<u>3,414,027</u>
Net assets, end of year	<u>\$ 5,786,626</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA LEADERSHIP INSTITUTE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010**

Cash flows from operating activities	
Change in net assets	\$ 2,372,599
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	219,934
Increase (decrease) in accounts payable and accrued expenses	<u>83,206</u>
Total adjustments	<u>303,140</u>
Net cash provided (used) by operating activities	2,675,739
Cash flows from investing activities	
Purchases of fixed assets	<u>(2,998,968)</u>
Net cash provided (used) by investing activities	<u>(2,998,968)</u>
Cash flows from financing activities	
Proceeds from short-term debt	<u>100,000</u>
Net cash provided (used) by financing activities	<u>100,000</u>
Net (decrease) in cash	(223,229)
Cash at beginning of the year	<u>364,586</u>
Cash at end of the year	<u>\$ 141,357</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2010

1. Summary of Significant Accounting Policies

The Louisiana Leadership Institute (the Institute) is a private nonprofit organization located in Baton Rouge, Louisiana. The Institute was created to provide the opportunity for students to develop leadership skills, improve academics, heighten self-esteem, and instill motivation while building a strong work ethic and positive outlook for the professional world. The Institute fulfills this mission by operating four programs: the Louisiana Leadership Classroom, the Professional Career Internship, the Educational Computer Lab, and the Youth Culture and Recreation Program.

The accounting and reporting policies of the Institute conform to accounting principles generally accepted in the United States of America. The significant accounting policies used by the Institute in preparing and presenting its financial statements are summarized as follows:

Use of 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 these estimates.

Statement of cash flows

For purposes of the statement of cash flows, the Institute considers all highly liquid accounts, mainly checking and savings accounts, with original maturities of three months or less to be cash equivalents.

Income taxes

The Institute is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) for the majority of its revenues.

The Institute has unrelated business operations that include activities that are considered taxable under the Internal Revenue Code because they are unrelated to the exempt purpose of the organization. These activities include income from rentals of the tour buses owned by the Institute to other organizations and individuals.

Property and equipment

Property and equipment are stated at historical costs. Donated property is recorded at its estimated fair value on the date of receipt. Additions, renewals, and betterments that extend the life of assets are capitalized. Maintenance and repair expenditures are expensed as incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which ranges from three to eight years.

**LOUISIANA LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2010**

Temporarily and permanently restricted net assets

Temporarily restricted net assets are those whose use by the Institute has been limited by donors to a specific time or purpose. Permanently restricted net assets are those that have been restricted by donors to be maintained by the Institute in perpetuity. The Institute does not have any temporarily or permanently restricted net assets at June 30, 2010.

Grants and contributions

The Institute accounts for grants and contributions in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All 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 assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

2. Property and Equipment

Property and equipment at June 30, 2010, consisted of the following:

Building	\$ 2,527,555
Furniture, fixtures, and equipment	460,649
Tour buses	1,290,230
Construction in progress	3,130,679
Less: accumulated depreciation	<u>-1,902,213</u>
	5,506,900
Land	<u>297,553</u>
	<u>\$ 5,804,453</u>

Under the rules of the State of Louisiana, all property and equipment of the Institute is held in trust for the use and benefit of the Institute. In the event the Institute ceases operations or certain related events were to occur, the control of the property and equipment and the satisfaction of any related debts would become the responsibility of the State of Louisiana.

**LOUISIANA LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2010**

3. Concentration of Credit Risk

During the year ended June 30, 2010, the Institute received 90% of its funding from a grant with the State of Louisiana.

The Institute maintains its cash in multiple bank deposit accounts at various financial institutions. The balances, at times, may exceed federal insurance limits. At June 30, 2010, the Institute had no deposits in excess of these limits.

4. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs benefited and supporting services based on management's estimate.

5. Cooperative Endeavor Agreement

During the year ended June 30, 2009, the Institute signed a Cooperative Endeavor Agreement with the State of Louisiana for the construction of a multi-purpose education enrichment center athletic field and band room. The agreement is for \$3 million and includes planning, and construction costs. Total costs incurred during the year ended June 30, 2010, were \$2,639,976. Total costs incurred to date as of June 30, 2010, was \$2,800,287.

6. Financial Instruments

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of temporary cash investments. The organization places its temporary cash equivalents with financial institutions.

The estimated fair values of the organization's financial instruments, none of which are held for trading purposes, are as follows:

	<u>2010</u>
Cash and short-term investments	\$ 141,357

Cash and short-term investments carrying amounts approximate fair value because of the short maturities of those investments.

7. Evaluation of Subsequent Events

Subsequent events were evaluated through November 9, 2011, which is the date the financial statements were available to be issued.

**LOUISIANA LEADERSHIP INSTITUTE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2010**

8. Note Payable

4.05% note payable to La Capitol Federal Credit Union, payable \$1,020 per month, principal and interest, with the final payment June 2020. The loan is collateralized by the pledge of a deposit account by a third party.

	\$100,000
Less portion considered current	<u>8,217</u>

Long-term liability	<u>\$ 91,783</u>
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Maturities of long term debt are as follows:

<u>Year ending June 30,</u>	
2012	\$ 8,683
2013	9,041
2014	9,414
2015	9,803
2016	10,207
Thereafter	<u>44,636</u>
Total	<u>\$ 91,783</u>

No interest was paid during the years ended June 30, 2010.

LOUISIANA LEADERSHIP INSTITUTE
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010

Internal Control and Noncompliance findings:

10-01 **Annual Financial Reports Not Timely Submitted**

Criteria – Louisiana Revised Statute 24:513 requires all quasi-public entities to complete and audit of the entity’s financial statements and transmit the audited financial statements to the Legislative Auditor within six months of the close of the entity’s fiscal year.

Condition – The Louisiana Leadership Institute did not submit its annual audited financial statements to the Legislative Auditor by December 31, 2010, which is six months after the close of its fiscal year ended June 30, 2010.

Effect – The Organization is not in compliance with Louisiana Revised Statute 24:513.

Recommendation – The Organization should schedule future audits in such a manner that it will be able to comply with Louisiana Revised statute 24:513.

Management's response – Management agrees with the finding. The delay in our reporting was largely due to a change in personnel, i.e., the Executive Director. A reduction in other staff positions further complicated the organization’s ability to timely complete the accounting necessary to have the audit conducted in accordance with the filing deadline.

**LOUISIANA LEADERSHIP INSTITUTE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2009**

Finding: None.