

**CONSORTIUM FOR EDUCATION, RESEARCH &
TECHNOLOGY OF NORTH LOUISIANA
SHREVEPORT, LOUISIANA
JUNE 30, 2012**

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
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December 10, 2012

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

Independent Auditor's Report

We have audited the accompanying statement of financial position of Consortium for Education, Research & Technology of North Louisiana (a nonprofit organization) as of June 30, 2012, 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 *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, 2012, 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 our report dated December 8, 2011 on our consideration of Consortium for Education, Research & Technology of North Louisiana's internal control over financial reporting and our tests of its 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 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 considered in assessing the result of our audit.

Heard, McElroy & Vestal, LLC

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CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS

Current assets:

Cash	150,432
Accounts receivable	<u>37,150</u>
Total current assets	<u>187,582</u>
Total assets	<u>187,582</u>

LIABILITIES AND NET ASSETS

Payables:

Accounts payable	<u>62,729</u>
Total liabilities	62,729

Net assets:

Unrestricted	26,191
Temporarily restricted	<u>98,662</u>
Total net assets	<u>124,853</u>
Total liabilities and net assets	<u>187,582</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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues and other support:</u>			
Contractual revenue-grants (Note 2)	-	260,501	260,501
Dues	38,500	-	38,500
Other revenue	-	2,538	2,538
Total revenues and other support	<u>38,500</u>	<u>263,039</u>	<u>301,539</u>
Net assets released from restriction	<u>312,263</u>	<u>(312,263)</u>	<u>-</u>
	350,763	(49,224)	301,539
<u>Expenses:</u>			
Salaries and benefits	195,233	-	195,233
Travel	6,423	-	6,423
Operating services	18,096	-	18,096
Supplies	21,563	-	21,563
Professional services	103,195	-	103,195
Other charges	3,658	-	3,658
Equipment	1,055	-	1,055
Total expenses	<u>349,223</u>	<u>-</u>	<u>349,223</u>
<u>Change in net assets</u>	1,540	(49,224)	(47,684)
<u>Net assets, beginning of year</u>	<u>24,651</u>	<u>147,886</u>	<u>172,537</u>
<u>Net assets, end of year</u>	<u>26,191</u>	<u>98,662</u>	<u>124,853</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, 2012

<u>Cash flows from operating activities:</u>	
Change in net assets	(47,684)
Change in accounts receivable	(8,083)
Change in payables	26,056
Change in deferred revenue	<u>(10,000)</u>
Net cash (used) by operating activities	<u>(39,711)</u>
<u>Net (decrease) in cash</u>	(39,711)
<u>Cash at beginning of year</u>	<u>190,143</u>
<u>Cash at end of year</u>	<u>150,432</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, 2012

I. 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

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.

d. Income Taxes

As a nonprofit organization, CERT is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but must file an annual return with the Internal Revenue Service that contains information on its financial operations. Therefore, no provision for income taxes has been made in the financial statements. CERT is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it had income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, CERT must assess whether it has any tax positions associated with unrelated business income subject to income tax. CERT does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the accounting records.

CERT is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2008 and beyond remain subject to examination by the Internal Revenue Service.

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.

1. Summary of Significant Accounting Policies (Continued)

f. Cash and Cash Equivalents

All transactions for CERT are processed through the Accounting Services Department at Louisiana State University in Shreveport (LSUS). As programs are conducted and costs are incurred, expenses are paid by and reimbursed to LSUS. CERT's cash, as stated for cash flow purposes, consists of cash held at LSUS in various pools of funds.

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.

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

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.

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. Days earned by each employee are contingent upon the payroll system from which they are paid.

i. In-Kind Gifts

Many of the grants received by CERT require CERT to secure in-kind donations of various types. The value of these in-kind gifts is not reflected in the financial statements.

2. Contractual Revenue

During the year ended June 30, 2012, CERT received contractual revenue from government grants in the amount of \$18,538, as well as \$241,963 of grants from nongovernmental entities and public universities. 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, 2012. 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:

City of Shreveport	18,538
Community Foundation	85,000
Strategic Action Council	9,213
Shell Exploration and Production Co.	40,000
EnCana Oil and Gas, Inc.	50,000
United Way	6,250
Centerpoint Energy	1,500
American Electric Power Foundation	<u>50,000</u>
	<u>260,501</u>

3. Subsequent Event

CERT funding is generated from a variety of sources. In addition to annual membership dues, CERT has been the recipient of numerous grants and contracts since its incorporation. CERT continues to pursue foundations, community organizations, the private sector and other resources for ongoing support.

Subsequent events were evaluated through December 10, 2012 the date which the financial statements were available to be issued. No subsequent events were noted.

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December 10, 2012

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

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*

We have audited the financial statements of Consortium for Education, Research & Technology of North Louisiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 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 Consortium for Education, Research & Technology of North Louisiana'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 the Organization's internal control over financial reporting. Accordingly, we 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 a 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Consortium for Education, Research & Technology of North Louisiana'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 statements 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 *Government Auditing Standards*.

This report is intended solely for the use of the Board of Directors and Management of Consortium for Education, Research & Technology of North Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLC

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2012

I. 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 significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance were disclosed during the audit.
4. CERT is not subject to a Federal Single audit for 2012.

II. Findings – Financial Statement Audit

None.

CONSORTIUM FOR EDUCATION, RESEARCH & TECHNOLOGY OF NORTH LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2012

I. 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. One significant deficiency, which is also a material weakness, is reported.
3. No instances of noncompliance were disclosed during the audit.
4. CERT is not subject to a Federal Single audit for 2011.

II. Findings – Financial Statement Audit

2011-01 Material Weakness

As is common in small operations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Organization's annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established, nor has management demonstrated an ability to perform these functions in house. This condition was corrected during 2012.