
LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2009

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 12/9/09



LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2009

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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 (the Organization) as of June 30, 2009 and 2008, 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2009 and 2008, 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 October 8, 2009, 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 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 read in conjunction with this report in considering the results of our audits.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 8, 2009

**LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008**

ASSETS

	2009	2008
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 537,431	\$ 245,774
Certificates of deposit (\$215,778 and \$208,361 were restricted as of June 30, 2009 and 2008, respectively)	687,005	471,886
Accounts receivable	116,412	167,527
Promises to give	145,000	50,000
Inventory	167	647
Prepaid expenses and other assets	3,473	15,192
Total current assets	1,489,488	951,026
<u>PROPERTY AND EQUIPMENT</u>		
Furniture and equipment	756,505	637,614
Building and improvements	3,354,450	163,455
Library	76,945	76,945
	4,187,900	878,014
Less: accumulated depreciation	(672,830)	(728,171)
	3,515,070	149,843
Construction in progress	-	1,662,355
Net property and equipment	3,515,070	1,812,198
<u>PROMISES TO GIVE, non-current portion</u>	119,040	-
Total Assets	\$ 5,123,598	\$ 2,763,224

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 445,043	\$ 30,562
Other liabilities	104,531	101,517
Notes payable, current portion	1,331,917	41,567
Total current liabilities	1,881,491	173,646
<u>NOTES PAYABLE, non-current portion</u>	1,557,135	1,443,433
Total Liabilities	3,438,626	1,617,079
<u>NET ASSETS</u>		
Unrestricted	1,205,154	887,784
Temporarily restricted	479,818	258,361
Total net assets	1,684,972	1,146,145
Total Liabilities and Net Assets	\$ 5,123,598	\$ 2,763,224

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, 2009 AND 2008

	2009		
	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE:</u>			
Public support	\$ 21,480	\$ 744,453	\$ 765,933
Grant from governmental agency	753,038	-	753,038
Program service fees	985,917	-	985,917
Interest income	13,823	-	13,823
Miscellaneous	108,407	-	108,407
Total support and revenue	1,882,665	744,453	2,627,118
Net assets released from restriction	522,996	(522,996)	-
Total revenue and other support	2,405,661	221,457	2,627,118
<u>EXPENSES:</u>			
Program services	1,420,604	-	1,420,604
Management and general	544,977	-	544,977
Fundraising	122,710	-	122,710
Total expenses	2,088,291	-	2,088,291
Changes in net assets	317,370	221,457	538,827
Net assets - beginning of year	887,784	258,361	1,146,145
Net assets - end of year	\$ 1,205,154	\$ 479,818	\$ 1,684,972

The accompanying notes are an integral part of these statements.

2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 51,860	\$ 388,609	\$ 440,469
828,400	-	828,400
655,973	-	655,973
21,348	-	21,348
14,400	-	14,400
<u>1,571,981</u>	<u>388,609</u>	<u>1,960,590</u>
<u>231,849</u>	<u>(231,849)</u>	<u>-</u>
<u>1,803,830</u>	<u>156,760</u>	<u>1,960,590</u>
1,064,292	-	1,064,292
459,194	-	459,194
108,074	-	108,074
<u>1,631,560</u>	<u>-</u>	<u>1,631,560</u>
172,270	156,760	329,030
<u>715,514</u>	<u>101,601</u>	<u>817,115</u>
<u>\$ 887,784</u>	<u>\$ 258,361</u>	<u>\$ 1,146,145</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Adjunct faculty and presenters	\$ 469,579	\$ -	\$ -	\$ 469,579
Advertising	10,034	-	1,115	11,149
Bad debt expense	-	3,375	-	3,375
Bank charges	-	8,457	-	8,457
Capital campaign	-	-	426	426
Depreciation & amortization	43,203	14,831	6,448	64,482
Dues & subscriptions	12,345	4,004	334	16,683
Employee training	7,100	5,356	-	12,456
Insurance	-	28,938	-	28,938
Interest	93,307	8,114	-	101,421
Library expenses	38,362	-	-	38,362
Loss on disposal of fixed assets	-	43,632	-	43,632
Meetings	-	-	-	-
Miscellaneous	35,812	13,245	-	49,057
Postage	20,979	-	-	20,979
Printing	49,276	30,967	13,258	93,501
Professional services	911	62,575	-	63,486
Property taxes	-	13,187	-	13,187
Rental expense	112,973	48,417	-	161,390
Repairs & maintenance	-	31,363	-	31,363
Salaries and benefits	438,387	186,854	93,427	718,668
Sales tax	-	1	-	1
Software and technology	21,612	8,780	3,377	33,769
Stipends	10,000	-	-	10,000
Supplies	29,809	13,347	1,335	44,491
Telephone	-	10,834	-	10,834
Travel and fundraising	26,915	-	2,990	29,905
Utilities	-	8,700	-	8,700
	<u>\$ 1,420,604</u>	<u>\$ 544,977</u>	<u>\$ 122,710</u>	<u>\$ 2,088,291</u>

The accompanying notes are an integral part of these statements.

2008

Program Services	Management and General	Fundraising	Total
\$ 263,079	\$ -	\$ -	\$ 263,079
9,771	-	1,208	10,979
-	800	-	800
-	6,262	-	6,262
-	-	2,057	2,057
72,901	25,025	10,881	108,807
9,189	2,980	248	12,417
7,304	5,510	-	12,814
-	8,981	-	8,981
-	14,726	-	14,726
46,521	-	-	46,521
-	-	-	-
-	41,642	-	41,642
11,655	4,393	-	16,048
14,371	6,026	2,781	23,178
43,504	23,478	2,072	69,054
-	45,913	-	45,913
-	-	-	-
119,502	48,904	-	168,406
-	21,902	-	21,902
408,747	176,311	84,173	669,231
-	23	-	23
15,643	6,599	2,200	24,442
-	-	-	-
29,598	13,657	1,220	44,475
-	6,062	-	6,062
12,507	-	1,234	13,741
-	-	-	-
<u>\$ 1,064,292</u>	<u>\$ 459,194</u>	<u>\$ 108,074</u>	<u>\$ 1,631,560</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 538,827	\$ 329,030
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	64,482	108,807
Loss on disposal of property and equipment	43,632	-
Changes in operating assets and liabilities:		
Accounts receivable	51,115	(28,588)
Prepaid expenses	11,719	(13,561)
Promises to give	(214,040)	(50,000)
Inventory	480	2,703
Accounts payable and other liabilities	417,495	(97,778)
Net cash provided by operating activities	913,710	250,613
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(1,810,986)	(1,664,483)
Purchases of certificates of deposit	(315,472)	(374,962)
Cash proceeds from redemptions of certificates of deposit	100,353	269,641
Net cash used in investing activities	(2,026,105)	(1,769,804)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from notes payable	1,404,052	1,485,000
Net cash provided by investing activities	1,404,052	1,485,000
Net increase (decrease) in cash and cash equivalents	291,657	(34,191)
Cash and cash equivalents - beginning of year	245,774	279,965
Cash and cash equivalents - end of year	\$ 537,431	\$ 245,774
<u>Supplemental disclosures:</u>		
Cash paid during the year for interest	\$ 100,460	\$ 14,726

The accompanying notes are an integral part of these statements.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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 the Organization 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 include donations (public support), grants from governmental agencies, and fees charged for training both at the LRCE facility 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. 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 Statements of Activities as net assets released from restrictions. The Organization did not have permanently restricted net assets at June 30, 2009 or 2008.

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 40 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, 2009 and 2008, 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 STATEMENTS

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, 2009 and 2008, 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, the balances in the cash accounts may have exceeded the amount insured by the Federal Deposit Insurance Corporation.

Certificates of Deposit

The Organization invests some of its cash in certificates of deposit with four to nine month maturity dates.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are due to the Organization during the fiscal years June 30, 2010 through June 30, 2012, and therefore portions are recognized as both current and non-current on the statement of financial position.

Functional Allocation of Expenses

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

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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

Advertising

The Organization expenses the cost of advertising as incurred. Total advertising expenses for the years ended June 30, 2009 and 2008 were \$11,149 and \$10,979, respectively.

Recent Accounting Standards

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), an interpretation of FASB Statement No. 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes* ("SFAS 109"). FIN 48 clarifies the application of SFAS 109 by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise's financial statements. Additionally, FIN 48 provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. In December 2008, the FASB issued FASB Staff Position (FSP) FIN 48-3 which permits an entity within its scope to defer the application of FIN 48 for the year ending December 31, 2008.

The Organization evaluates its uncertain tax positions using the provisions of FASB 5, *Accounting for Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Management has not completed its evaluation of the impact of this standard; however, the Organization does not expect the impact will be material to the financial statements.

2. **Concentration of Support**

During the years ended June 30, 2009 and 2008, the Organization derived approximately 29% and 42%, respectively, of its support and revenue from state grants.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. **Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Community Coffee - Charter School Incubator	\$ 6,552	\$ 31,552
Entergy	5,795	-
Library	2,028	31,636
Motiva Grant	-	10,100
Huey and Angelina Wilson Grant - Charter School Incubator	50,000	48,259
Colonial Williamsburg	12,273	1,814
Charter School Incubator	106,866	55,000
Capital Campaign	296,304	80,000
	<u>\$ 479,818</u>	<u>\$ 258,361</u>

4. **Net Assets Released From Restrictions**

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes were as follows for the years ended:

	<u>2009</u>	<u>2008</u>
Charter School Incubator	\$ 11,643	\$ -
Capital Campaign	293,776	-
Community Coffee	25,000	1,112
Dictionary Project	16,608	13,731
Entergy	19,205	25,000
Exercise for Education	39,580	20,429
Hurricane Katrina Relief	-	305
Library	38,363	46,521
Motiva	10,100	-
Raising Radishes	2,671	2,690
Ten Year Gala	-	42,500
Williamsburg Institute	17,791	28,795
Huey and Angelina Wilson Grant	48,259	50,766
Total restrictions released	<u>\$ 522,996</u>	<u>\$ 231,849</u>

5. **Leases**

On July 20, 2003, the Organization signed a lease for a term of 10 years; however, this agreement was modified in 2007 to allow the Organization to cancel its lease anytime between May 1, 2009 and December 31, 2010 as long as the lessor was notified in writing of the Organization's intent to cancel one year prior to the date on which the Organization planned to vacate the premises. The Organization notified the lessor of its intent to vacate, and the lease was cancelled as of May 1, 2009.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. **Leases** (continued)

The Organization has three operating leases entered into during January 2005, February 2005, and December 2008 for copiers. The copiers are leased under five-year operating leases. Two leases expire in January 2010 and one expires in December 2013. 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 Organization has one operating lease entered into July 20, 2005 for a mail machine. The mail machine is leased under a five-year operating lease. The lease expires in July 2010. The lease is 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:

<u>Years Ended</u> <u>June 30th</u>	
2010	\$ 10,014
2011	5,976
2012	5,976
2013	5,976
2014	<u>2,988</u>
	<u>\$ 30,930</u>

Total rent expense charged to operations during the years ended June 30, 2009 and 2008, was approximately \$161,390 and \$168,406, respectively.

6. **Notes Payable**

On April 10, 2008, LRCE entered into a loan agreement with a financial institution for the purchase of a building. The loan amount was \$1,485,000, with monthly interest payments beginning in May 2008 at a rate of 5.95%, and interest and principal payments beginning in May 2009 in the amount of \$12,560 per month. A final balloon payment of approximately \$1,200,000 is due in October 2013. The loan is secured by the building.

On December 18, 2008, LRCE entered into a loan agreement with a financial institution for building renovations. The Organization could draw up to \$1,440,000 on the loan, with monthly interest payments beginning in February 2009 at the Wall Street Journal Prime Rate, or 3.250%. The outstanding balance of the loan, \$1,269,000 as of June 30, 2009, is due in full on December 18, 2009. The loan is secured by the building.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. **Notes Payable** (continued)

LRCE received \$135,000 as part of a loan agreement with the Office of Community Development during the year ended June 30, 2009. These funds are to be used for the rehabilitation of the building. This is a principal only loan with a term of 10 years. The repayment terms of the note will be forgiven as long as LRCE can establish proof of services paid for by using non-federal funds equal to or greater than the annual repayment amount. After 10 years, LRCE will receive an additional \$15,000 from the Office of Community Development.

The following represents the Organization's annual principal payments on the notes:

<u>Years Ending</u> <u>June 30th</u>	
2010	\$ 1,331,917
2011	66,765
2012	70,905
2013	75,088
2014	1,209,377
Thereafter	<u>135,000</u>
	<u>\$ 2,889,052</u>

7. **Reclassifications**

Certain amounts from June 30, 2008 have been reclassified in order to conform to the 2009 presentation.

**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 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, 2009, and have issued our report thereon dated October 8, 2009. 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 for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Louisiana Resource Center for Educators' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the deficiencies described in the schedule of finding and questioned costs to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

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.

Postlethwaite & Nettville

Baton Rouge, Louisiana
October 8, 2009

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

B. FINDINGS AND QUESTIONED COSTS (continued)

2009-2 Capitalized Interest

Criteria: As part of the audit process, we discovered that interest on the loan for construction on the building had not been capitalized. Our involvement in the calculation of the amount of interest to be capitalized is an indication that the internal control over recording capitalized interest could be improved.

Condition: The definition of internal control over financial reporting is that policies and procedures exist that pertain to an Organization's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for the Organization, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Effect: Because the interest paid on the construction loan was expensed rather than capitalized, the increase in net assets of the Organization was not accurate and the financial statements were not in conformity with generally accepted accounting principles.

Recommendation:
Although this is unique to construction projects and probably non-recurring, it is required that the Organization adhere to generally accepted accounting principles for all activities undertaken. We recommend that the Organization consult with an independent accountant or research generally accepted accounting principles for any future endeavors that may involve unique reporting requirements.

View of Responsible Official and Planned Corrective Action:

For any future endeavors that have unique financial reporting requirements, we will consult with our independent CPA or with the auditors to ensure proper treatment.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None noted

B. MANAGEMENT LETTER COMMENTS

None noted