

CAREER BUILDERS OF LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2008

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 8/26/09

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Career Builders of Louisiana.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Career Builders of Louisiana (a nonprofit corporation) as of June 30, 2008, and the related statements of activities and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 accordance with Government Auditing Standards, we have also issued our report dated April 29, 2009 on our consideration of Career Builders of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 audit.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Career Builders of Louisiana as of June 30, 2008, and the changes in its net assets and its cash flows or the year then ended in conformity with accounting principles generally accepted in the United States of America.

Baton Rouge, LA
April 29, 2009

Latuso & Johnson CPA

CAREER BUILDERS OF LOUISIANA
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2008

ASSETS

Current Assets

Cash and cash equivalents	\$ 62,801
Accounts receivable-billed	372,800
Accounts receivable-unbilled	49,875
TOTAL CURRENT ASSETS	<u>485,476</u>

Property and Equipment

Office equipment and furniture	6,214
Less accumulated depreciation	<u>(1,141)</u>
Net property and equipment	5,073

Other Assets

Deposit	<u>1,000</u>
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Total Assets	<u><u>\$ 491,549</u></u>
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LIABILITIES AND EQUITY

Current Liabilities

Accounts payable	76,131
Accrued expenses:	
Compensation	10,804
Accrued Vacation	6,339
Payroll expenses payable	<u>3,197</u>

TOTAL CURRENT LIABILITIES	\$ 96,471
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Unearned Revenues	60,000
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Net Assets

Unrestricted	<u>335,078</u>
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Total Liabilities and Net Assets	<u><u>\$ 491,549</u></u>
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The accompanying notes are an integral part of these financial statements

CAREER BUILDERS OF LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES	Program Services	Management and General	Total
Program Service Revenue	\$ 1,242,561	\$ -	\$ 1,242,561
Other Revenues	-	1,919	1,919
TOTAL REVENUES	\$ 1,242,561	1,919	\$ 1,244,480
EXPENDITURES			
Payroll and Benefits	352,456	159,102	511,558
Professional Fees	130,838	31,247	162,085
Advertising	109,867	-	109,867
Program Supplies	75,477	-	75,477
Tuition and Books	62,832	-	62,832
Rent	22,979	33,036	56,015
Travel	33,333	3,143	36,476
Telephone	12,661	15,082	27,743
Other Expenses	21,679	3,762	25,441
Office Supplies	9,287	5,745	15,032
Insurance	4,523	1,364	5,887
Depreciation	-	1,141	1,141
TOTAL EXPENDITURES	\$ 835,932	\$ 253,622	\$ 1,089,554
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 406,629	\$ (251,703)	\$ 154,926
Unrestricted Net Assets - Beginning Balance			180,152
Unrestricted Net Assets - Ending Balance			\$ 335,078

The accompanying notes are an integral part of these financial statements.

CAREER BUILDERS OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Cash Flows From Operating Activities:

Increase in Net Assets	\$	154,926
Adjustments to reconcile change in Net assets to net cash provided by (used in) operating activities:		
Depreciation		1,141
Change in Assets and Liabilities:		
Increase in Accounts Receivable		(355,192)
Increase in Other Assets		(1,000)
Increase in Accounts Payable		76,131
Increase in Other Liabilities		12,349
Increase in Unearned Revenue		60,000
Net adjustments		<u>(51,645)</u>
Net cash used provided by operating activities		<u>103,281</u>
Investment Activities		
Purchase of property and equipment		<u>(5,854)</u>
Net Decrease in Cash and Cash Equivalents		(57,499)
Cash and cash equivalents at beginning of year	\$	<u>120,300</u>
Cash and cash equivalents at the end of year	\$	<u><u>62,801</u></u>

The accompanying notes are an integral part of these financial statements.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

Career Builders of Louisiana is a school-to-work partnership designed to link business and education to develop the workforce needed by companies in the parishes surrounding and including East Baton Rouge Parish. The Organization conducts educational programs for students and teachers to show them how their choices will impact their future. The Organization educates high school students and young adults on possible job opportunities and the training needed to take advantage of such opportunities. The programs are funded private and governmental funding sources.

B. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board according to SFAS No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position, activity, and cash flow according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. All of the net assets as of June 30, 2008 were unrestricted.

The organization reports information regarding the cost of providing various programs and activities on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

C. Income Taxes

The Organization is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, and has been designated as an organization which is not a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

D. Property and Equipment

Generally accepted accounting principals require that property and equipment be carried at cost or if donated, at the approximate fair value at the date of donation. Depreciation is recognized on the straight line basis over the estimated lives of 5 to 7 years.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenue Recognition

Revenues from program service fees are recognized when earned. Amounts are considered earned when funds are expended or services are provided.

F. Unearned Revenue

The unearned revenue represents the approximate amount of scholarship expenses which will be expended after June 30, 2008. The scholarships were funded by contributions received before June 30, 2008.

G. Fair Value of Instruments

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate carrying value, principally because of the short maturity of those items.

H. Use of Estimates

The preparation of financial statements in conformity with 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.

I. Functional Expenses

Functional expenses not directly attributable are allocated between program, and management and general expenses. Management and general expenses include those expenses that are not directly identifiable with other specific functions but provide for the overall support and direction of the Organization.

J. Advertising

Advertising costs are expensed as incurred and are included in program expenses. Various methods of advertising are utilized, such as website, print, radio, and television targeting young adults. Advertising expense as for the fiscal year ended June 30, 2008 was \$46,032.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts in demand deposits, interest-bearing demand deposits and time deposit accounts. The Organization considers short-term (maturity of 90 days or less), highly liquid investments as cash equivalents.

NOTE 3: RELATED PARTY TRANSACTIONS

The Organization is entrusted to a Board of Commissioners. Some of the sponsorships are obtained from Board Member companies. Booth rentals for the Organization's events are sometimes purchased by Board members.

The Organization paid \$8,462 for management services to an affiliate of the executive director.

NOTE 4: OPERATING LEASE AGREEMENTS

The Organization conducts its business in rented facilities. The lease expires on the 30th day of November, 2010. Rental expense for the year ended June 30, 2008 was \$56,015.

In addition, the Organization has a non-cancellable equipment lease to June 13, 2012 at \$217 per month..

The minimum future lease payments required under the above operating leases are as follows:

<u>Year Ended June 30:</u>	
2009	\$ 68,600
2010	68,600
2011	30,100
2012	<u>2,600</u>
Total	<u>\$169,900</u>

NOTE 5: CONCENTRATION OF CREDIT RISK

The Organization maintains its deposits at a local bank. The deposits of up to \$100,000 were insured by the Federal Deposit Insurance Corporation. At times during the year the bank balance exceeded the amount of the FDIC insurance. In October 2008, the FDIC insurance increased to \$250,000 through December 31, 2009.

CAREER BUILDERS OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6: CONCENTRATION OF RECEIVABLES AND REVENUES

As of June 30, 2008 accounts receivable consisted of the following:

	<u>Total</u>	<u>%</u>
Two balances over \$175,000	\$361,498	97
Other balances less than \$5,000	<u>11,301</u>	<u>3</u>
	<u>\$372,799</u>	<u>100%</u>

The four largest supporters comprised approximately 70% of total revenues. The revenues from these supporters ranged from 15% to 22%.

Amounts billed but not received are reported in the accompanying financial statements as a current asset. Management has determined that the receivables are fully collectible; therefore, no allowance for uncollectible accounts are considered necessary at June 30, 2008. No amounts were charged off as uncollectible in the year ended June 30, 2008.

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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
of Career Builders of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of Career Builders of Louisiana (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated April 29, 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 Career Builders of 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 Career Builders of Louisiana'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings as 2008 - 3 to be a significant deficiency in internal control over financial reporting.

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 the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Career Builders of 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2008 - 1 to 2008 - 2.

Career Builders of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Career Builders of Louisiana's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Baton Rouge, Louisiana
April 29, 2009

**CAREER BUILDERS OF LOUISIANA
SCHEDULE OF AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008**

SECTION 1: PRIOR YEAR FINDINGS

2007 - 1 Findings: Significant number of errors in the accounting data file were noted. Some of the errors were due to two separate accounting system conversions that were never fully reconciled. Other errors were due to management's unfamiliarity with the accounting software.

Corrective action: Only one accounting system was used for the year. The Organization also engaged the services of a knowledgeable contract accountant to assist in maintaining the accounting records.

2007 - 2 Finding: The Organization had a lack of separation of duties by bookkeeping personnel.

Corrective action: Various accounting and associated duties have been segregated and delegated to various individuals. In addition, a contract accountant has been engaged to oversee the accounting functions.

2007 - 3 Finding: The employee handbook was not reviewed by an attorney or approved by the Board of Directors.

Corrective action: The employee handbook has been reviewed by two knowledgeable individuals with human resource experience. The handbook has been approved by the executive committee.

2007 - 4 Finding: Hours and pay raises were not being approved or documented.

Corrective action: Since all employees are salaried, it is not considered necessary to have the hours approved by management. Pay raises are still not documented.

2007 - 5 Finding: The Organization was not in compliance with the reporting requirement of submitting annual financial statement to the Legislative Auditor's office within six months after year end.

Corrective action: Due to change of personnel the Organization was unable to comply with its reporting requirement for the year end June 30, 2008.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2008 - 1 Finding: As previously reported as finding 2007 - 4, approvals for pay increase are not documented in personnel files. We also noted several forms were missing from the personnel files.

CAREER BUILDERS OF LOUISIANA
SCHEDULE OF AUDIT FINDINGS - (CONTINUED)
YEAR ENDED JUNE 30, 2008

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS - (CONTINUED)

Recommendation: All pay raises should be approved by the Board of Directors or the Executive committee. A copy of the approval should be filed in the employee personnel file. All personnel files should include necessary federal and state forms.

Management's response: Management concurs.

2008 - 2 Finding: As noted in previous finding 2007 - 5, the Organization was unable to file its year end financial statements within the required six month period.

Recommendation: Accounting and management personnel should complete its year end accounting procedure within two months after its closing. This will allow sufficient time for the auditors to complete their procedures and prepare the necessary reports prior to the six month requirement.

Management's response: Management concurs.

2008 - 3 Finding: The Organization prepares its invoices using word processing software. A copy of the invoices are then provided to the accounting department to record in Quick books. We noted several instances where this was either not done or revised invoices were not provided. We also noted several unidentified deposits were recorded directly to revenue without being timely investigated.

Recommendation: To ensure accurate accounting and to facilitate the collection process we recommend the following:

1. Invoices and credit memos should be processed using Quick books.
2. Copies of checks received and deposited should be maintained.
3. If there is an unidentified deposit it should be investigated and resolved within thirty days.
4. The aging of accounts receivable should be reviewed monthly for delinquent accounts. Necessary follow-up procedures should be performed timely.

Management's Response: Management concurs.