
LOUISIANA RESOURCE CENTER FOR EDUCATORS**FINANCIAL STATEMENTS****JUNE 30, 2007**

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

4/9/08

LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2007

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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, 2007 and 2006, 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 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, 2007 and 2006, 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 19, 2007, 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 19, 2007

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

ASSETS

	2007	2006
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 279,965	\$ 155,927
Certificates of deposit	366,565	288,188
Accounts receivable	191,164	57,560
Inventory	3,350	21,999
Prepaid expenses	1,631	1,505
Total current assets	842,675	525,179
 <u>PROPERTY AND EQUIPMENT</u>		
Furniture and equipment	635,485	614,770
Building improvements	163,455	163,455
Library	76,944	77,044
	875,884	855,269
Less: accumulated depreciation	(619,362)	(526,257)
	256,522	329,012
Total Assets	\$ 1,099,197	\$ 854,191

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 36,387	\$ 14,678
Other liabilities	245,695	183,017
Total current liabilities	282,082	197,695
 <u>NET ASSETS</u>		
Unrestricted	715,514	527,210
Temporarily restricted	101,601	129,286
Total net assets	817,115	656,496
Total Liabilities and Net Assets	\$ 1,099,197	\$ 854,191

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, 2007 AND 2006

	2007		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Public support	\$ 72,492	\$ 189,844	\$ 262,336
Grant from governmental agency	700,250	-	700,250
Program service fees	571,085	-	571,085
Interest income	9,475	-	9,475
Miscellaneous	16,400	-	16,400
Total support and revenue	<u>1,369,702</u>	<u>189,844</u>	<u>1,559,546</u>
Net assets released from restriction	<u>217,529</u>	<u>(217,529)</u>	<u>-</u>
Total revenue and other support	<u>1,587,231</u>	<u>(27,685)</u>	<u>1,559,546</u>
EXPENSES:			
Program services	947,340	-	947,340
Management and general	358,298	-	358,298
Fundraising	93,289	-	93,289
Total expenses	<u>1,398,927</u>	<u>-</u>	<u>1,398,927</u>
Changes in net assets	188,304	(27,685)	160,619
Net assets - beginning of year	<u>527,210</u>	<u>129,286</u>	<u>656,496</u>
Net assets - end of year	<u>\$ 715,514</u>	<u>\$ 101,601</u>	<u>\$ 817,115</u>

The accompanying notes are an integral part of these statements.

2006

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 175,288	\$ 346,975	\$ 522,263
596,800	-	596,800
402,529	-	402,529
5,995	-	5,995
14,857	-	14,857
<u>1,195,469</u>	<u>346,975</u>	<u>1,542,444</u>
<u>303,213</u>	<u>(303,213)</u>	<u>-</u>
<u>1,498,682</u>	<u>43,762</u>	<u>1,542,444</u>
972,932	-	972,932
339,803	-	339,803
75,548	-	75,548
<u>1,388,283</u>	<u>-</u>	<u>1,388,283</u>
110,399	43,762	154,161
<u>416,811</u>	<u>85,524</u>	<u>502,335</u>
<u>\$ 527,210</u>	<u>\$ 129,286</u>	<u>\$ 656,496</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007			
	Program Services	Management and General	Fundraising	Total
Advertising	\$ 7,224	\$ -	\$ 1,328	\$ 8,552
Bad debt expense	-	-	-	-
Bank charges	-	3,872	-	3,872
Contract labor	227,152	-	-	227,152
Depreciation & amortization	58,656	25,138	9,311	93,105
Dues & subscriptions	8,652	2,858	245	11,755
Employee training	5,716	4,269	-	9,985
Insurance	-	8,816	-	8,816
Library expenses	29,018	-	-	29,018
Meetings	493	2,950	-	3,443
Miscellaneous	13,690	4,540	-	18,230
Postage	10,111	4,297	1,842	16,250
Printing	37,421	19,966	1,736	59,123
Professional services	-	20,610	-	20,610
Rental expense	120,751	45,241	-	165,992
Repairs & maintenance	150	16,456	-	16,606
Salaries and benefits	353,094	175,240	75,229	603,563
Sales tax	-	211	-	211
Software and technology	12,152	5,127	1,709	18,988
Stipends	7,400	-	-	7,400
Supplies	43,147	10,017	1,113	54,277
Telephone	-	8,690	-	8,690
Travel and fundraising	12,513	-	776	13,289
	\$ 947,340	\$ 358,298	\$ 93,289	\$ 1,398,927

The accompanying notes are an integral part of these statements.

2006

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 9,847	\$ -	\$ 1,133	\$ 10,980
4,221	-	-	4,221
-	3,391	-	3,391
170,346	-	-	170,346
53,866	23,085	8,550	85,501
8,955	3,159	-	12,114
5,278	6,415	-	11,693
-	9,833	-	9,833
21,100	-	-	21,100
-	-	-	-
5,516	3,408	-	8,924
9,084	4,135	1,531	14,750
49,217	16,076	1,426	66,719
20,500	27,332	-	47,832
135,553	33,888	-	169,441
25	13,852	-	13,877
386,746	159,491	59,582	605,819
-	46	-	46
11,132	4,696	1,565	17,393
21,800	-	-	21,800
37,198	25,019	1,270	63,487
-	5,977	-	5,977
22,548	-	491	23,039
<u>\$ 972,932</u>	<u>\$ 339,803</u>	<u>\$ 75,548</u>	<u>\$ 1,388,283</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 160,619	\$ 154,161
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	93,105	85,501
Changes in operating assets and liabilities:		
Accounts receivable	(133,604)	51,204
Prepaid expenses	(126)	850
Inventory	18,649	(21,847)
Accounts payable and other liabilities	84,387	36,161
Net cash provided by operating activities	223,030	306,030
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(20,615)	(137,290)
Purchases of certificates of deposit	(119,487)	(175,790)
Cash proceeds from redemptions of certificates of deposit	41,110	-
Net cash used in investing activities	(98,992)	(313,080)
 Net increase (decrease) in cash and cash equivalents	 124,038	 (7,050)
Cash and cash equivalents - beginning of year	155,927	162,977
Cash and cash equivalents - end of year	\$ 279,965	\$ 155,927

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 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. 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, 2007 or 2006.

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, 2007 and 2006, 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, 2007 and 2006, 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.

Certificates of Deposit

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

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. Accordingly, certain costs have been allocated based on the percentage of time spent 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, 2007 and 2006 were \$8,552 and \$10,980, respectively.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Concentration of Support

During the years ended June 30, 2007 and 2006, the Organization derived approximately 46% and 39%, respectively, of its support and revenue from state grants.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
CPDC Grant	\$ -	\$ 7,500
Community Coffee	7,664	20,000
Entergy	25,000	25,000
Hurricane Katrina Relief	305	25,320
Library	19,607	17,245
Meeting the Challenge	-	2,000
Motiva Grant	-	13,500
Huey and Angelina Wilson Grant	49,025	18,721
	<u>\$ 101,601</u>	<u>\$ 129,286</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>2007</u>	<u>2006</u>
CPDC Grant	\$ 7,500	\$ -
Community Coffee	12,336	-
Dictionary Project	12,985	-
Early Childhood	-	4,691
Entergy	25,000	17,481
Exercise for Education	35,563	-
Hurricane Katrina Relief	45,015	12,680
LA Wetlands Project	-	20,000
Library	29,018	-
Meeting the Challenge	2,000	-
Motiva Grant	13,500	-
Raising Radishes	2,731	-
Reilly Family Fund – Professional Development	-	12,323
Reilly Family Fund – Technology	-	43,043
Teacher Finder	18,721	75,896
Universal Service Administrative Company	-	117,099
Williamsburg Institute	12,185	-
Huey and Angelina Wilson Grant	975	-
Total restrictions released	<u>\$ 217,529</u>	<u>\$ 303,213</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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, \$13,750 for year six through year eight, and \$15,000 for year nine through year ten. On July 16, 2007, the Organization signed an amendment to the lease that allows the Organization to cancel its lease anytime between May 1, 2009 and December 31, 2010 as long as the lessor is notified in writing of the Organization's intent to cancel one year prior to the date on which the Organization plans to vacate the premises. The Organization intends to cancel the lease at the earliest possible date of May 1, 2009.

The Organization has three operating leases entered into November 2003, January 2005, and February 2005 for copiers. The copiers are leased under five-year operating leases. One lease expires in November 2008 and the other two leases expire in January 2010. 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>	
2008	\$ 162,356
2009	158,394
2010	170,556
2011	<u>4,038</u>
	<u>\$ 495,344</u>

Total rent expense charged to operations during the years ended June 30, 2007 and 2006, was approximately \$165,992 and \$169,441, respectively.

6. **Reclassifications**

Certain amounts from June 30, 2006 have been reclassified in order to conform to the 2007 presentation.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. **Subsequent Event**

On October 15, 2007, LRCE signed a purchase agreement for a new building. The purchase price of the property is \$1,650,000. The current occupant of the building is scheduled to move out in April 2008, at which time LRCE can began renovations on the building. Financing of the purchase was provided through a loan from Capital One of \$1,620,000. The terms of the loan agreement are a 15-year term, with amortization at 7.921%, or a 5-year term, with 15-year amortization at 6.766%.



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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, 2007, and have issued our report thereon dated October 19, 2007. 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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 did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 & Netterville

Baton Rouge, Louisiana
October 19, 2007

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

A. SUMMARY OF AUDITORS' RESULTS

Type of auditors' report issued: Unqualified

- Material weakness(es) identified? yes no
- Significant deficiencies(s) identified that are
not considered to be material weaknesses? yes none reported

Noncompliance material to financial
statements noted? yes no

A management letter was not issued for the current year's audit.

B. FINDINGS AND QUESTIONED COSTS

None

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

MANAGEMENT LETTER COMMENTS

None noted