

STATE OF LOUISIANA
LEGISLATIVE AUDITOR
Baton Rouge, Louisiana
70801-1500
504-386-4000

**VOLUNTEER INSTRUCTORS TEACHING ADULTS
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORTS**

Year Ended March 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 OCT 27 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Volunteer Instructors Teaching Adults
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Volunteer Instructors Teaching Adults (VITA) (a not-for-profit corporation) as of March 31, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of VITA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 and the provisions of the Louisiana Governmental Audit Guide. 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.

As described in note A, grant revenues and expenses are recorded on a cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effect of this departure is described in notes A and B.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position on VITA as of March 31, 1999, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 11, 1999, on our consideration of VITA's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grants.


Moore & Rolfes
Lafayette, Louisiana
June 11, 1999

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Volunteer Instructors Teaching Adults
Lafayette, Louisiana

We have audited the financial statements of Volunteer Instructors Teaching Adults (VITA) (a not-for-profit corporation) as of and for the year ended March 31, 1999, and have issued our report thereon dated June 11, 1999. We conducted our 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 and the provisions of the Louisiana Governmental Audit Guide.

COMPLIANCE As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of VITA's 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, 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*.

INTERNAL CONTROL OVER FINANCIAL REPORTING In planning and performing our audit, we considered VITA's 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 to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the local Board of United Way and the Louisiana Department of Education. However, this report is a matter of public record, and its distribution is not limited.

Moore & Rolfes
Lafayette, Louisiana
June 11, 1999

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 1999

ASSETS

CURRENT ASSETS:

Cash \$ 53,999

TOTAL CURRENT ASSETS 53,999

PLANT AND EQUIPMENT:

Equipment 23,966
Accumulated Depreciation (17,722)

TOTAL PLANT AND EQUIPMENT, NET 6,244

OTHER ASSETS:

Deposits 300

TOTAL OTHER ASSETS 300

TOTAL ASSETS \$ 60,543

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Payroll Taxes Withheld 771

TOTAL LIABILITIES 771

NET ASSETS:

Unrestricted:

Operating 53,528

Plant and Equipment 6,244

Total Unrestricted 59,772

Temporarily Restricted -

Permanently Restricted -

TOTAL NET ASSETS 59,772

TOTAL LIABILITIES AND NET ASSETS \$ 60,543

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 1999

	<u>Unrestricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>		
Contributions	\$ 21,203	\$ 21,203
Grants	172,138	172,138
Donated Advertising, Printing & Professional	25,630	25,630
Donated Facilities	14,193	14,193
Donated Supplies	-	-
Dues	110	110
Cookbook Sales	180	180
Investment Income	1,401	1,401
	<u>234,855</u>	<u>234,855</u>
<u>EXPENSES</u>		
Accounting	3,112	3,112
Advertising, including donated	22,427	22,427
Banquet Expense	1,971	1,971
Contract Services	779	779
Depreciation	2,009	2,009
Donated Professional Services	4,550	4,550
Dues and Donations	843	843
Employee and Board lunches	2,008	2,008
Insurance	1,086	1,086
Miscellaneous	277	277
Office	1,219	1,219
Postage	1,952	1,952
Printing	3,429	3,429
Rent, including donated	21,389	21,389
Repairs and Maintenance	1,536	1,536
Salaries	120,745	120,745
Staff Training	1,328	1,328
Taxes - Payroll	9,525	9,525
Telephone	3,327	3,327
Training Material	12,579	12,579
Travel	879	879
Tutor Training	273	273
	<u>217,243</u>	<u>217,243</u>
TOTAL EXPENSES	<u>217,243</u>	<u>217,243</u>
CHANGE IN NET ASSETS	<u>\$ 17,612</u>	<u>\$ 17,612</u>

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets - (increase)		\$ 17,612
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 2,009	
Increase in accrued payroll taxes	186	
	<hr/>	
Total adjustments		2,195
		<hr/>
Net cash (provided) by operating activities		19,807
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(2,856)	
	<hr/>	
Net cash (used) by investing activities		(2,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on debt	-	
	<hr/>	
Net cash (used) by financing activities		-
		<hr/>
Net increase in cash		16,951
Cash at March 31, 1998		37,048
		<hr/>
Cash at March 31, 1999		53,999
		<hr/> <hr/>

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 1999

<u>Expenses</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
Accounting	\$ -	\$ 3,112	\$ 3,112
Advertising	22,427	-	22,427
Banquet Expense	1,971	-	1,971
Contract Services	779	-	779
Depreciation	-	2,009	2,009
Donated Professional Services	4,550	-	4,550
Dues and Donations	843	-	843
Entertainment	2,008	-	2,008
Insurance	1,086	-	1,086
Miscellaneous	277	-	277
Office	1,219	-	1,219
Postage	1,952	-	1,952
Printing	3,429	-	3,429
Rent	21,389	-	21,389
Repairs and Maintenance	-	1,536	1,536
Salaries	89,403	31,342	120,745
Staff Training	1,328	-	1,328
Taxes - Payroll	7,127	2,398	9,525
Telephone	3,327	-	3,327
Training Material	12,579	-	12,579
Travel	879	-	879
Tutor Training	273	-	273
Total Expenses	\$ 176,846	\$ 40,397	\$ 217,243

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

VITA is a nonprofit community-based educational organization founded in 1982 for the purpose of providing tutoring services in the Lafayette area to adults whose reading skills are very limited or non-existent. Specially trained volunteers who can teach reading, writing, and English speaking skills provide goal-oriented tutoring. Tutoring sessions are held for 1 ½ hours twice each week in community locations at a time and place convenient to both tutors and students. VITA provides the professional training, materials and support that enable the volunteers to be effective tutors.

Financial Statement Presentation

The Board of Directors adopted provisions of Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made and No. 117, Financial Statements of Not-for-Profit Organizations as of April 1, 1995. Statement of Financial Accounting Standards No. 116 requires the Board to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values. Statement No. 117 establishes standards for general purposes external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

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.

Income Tax Status

The organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Continued

Property and Equipment

Property and equipment purchased is recorded at cost. The fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support. Depreciation is computed on the straight-line method over the estimated useful lives of the individual assets; generally five to seven years.

Grants Revenue and Expenses

Grants revenue and expenses from the Louisiana Department of Education, the Lafayette Parish School Board, the Governor's Office of Urban Affairs, the Lafayette City-Parish Consolidated Government and the United Way are recorded on a cash basis. This is consistent with the accounting and reporting in prior years. As noted in our auditors' report, the cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles.

The effect of reporting grant revenue and expenses in accordance with Statement of Financial Accounting Standards No. 116 would be as follows:

	<u>DEBIT</u>	<u>CREDIT</u>
Grants receivable – Urban Affairs	20,000	
Grants receivable – United Way	45,000	
Grants receivable – La. Dept. of Education	36,553	
Deferred revenue (unearned)		42,336
Unrestricted net assets		45,000
Grant revenue (earned)		14,217

Because each of the five grants has a different grant year, and none of those grant years coincide with the VITA March 31, 1999 fiscal year, management has elected to record grant revenue and expenses on a cash basis. Additionally, the reversal of the prior year accruals would reduce the net effect on the current year change in net assets to approximately \$13,500.

Accrual Basis of Accounting

The books are routinely maintained on a cash basis and are converted to the accrual basis at year-end for these financial statements. Accrual basis accounting records revenue when earned rather than when received and records expenses when incurred rather than when paid, in accordance with generally accepted accounting principles. However, grant revenues and expenses are recorded on a cash basis.

Cash Equivalents

For purposes of the statement of cash flows, VITA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Continued

Compensated Absences

Under SFAS 43, an employer generally is required to accrue a liability for employees' rights to receive compensation for future absences. The amount of the compensation is not reasonably estimable and, therefore, no such liability has been accrued. However, any unrecorded amounts at March 31, 1999 would be immaterial.

Note B – Federal, State and Local Financial Assistance and Grant Awards

<u>Grantor/Program Title</u>	<u>Amount Recorded Y/E March 31, 1999</u>	<u>Total Grant</u>
United Way of Acadiana	\$ 52,778	\$ 50,000(98) \$ 60,000(99)
La. Dept. of Education §322	36,643	46,504
La. Dept. of Education §353	21,442	30,278
Lafayette Parish School Board	20,000	20,000
Lafayette Consolidated Govt. Office of Urban Affairs	10,000 20,000	10,000 40,000

Note C – Contributed Services

Contributed services of volunteers are recognized in the statement of activities if the services received:

- (a) Create or enhance non-financial assets (land, building, etc.); or
- (b) Require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Amounts meeting these criteria have been recognized in the following areas:

Donated advertising	\$21,080
Donated rent (Lafayette and St. Landry)	14,193
Donated professional (legal and accounting) Services	<u>4,550</u>
TOTAL	<u>\$39,823</u>

Note D – Volunteer Tutors

Volunteer tutors are not recognized in the financial statements. Approximately 300 volunteer tutors donated approximately 15,000 hours of time in tutoring adults in the various literacy programs. Because these donated services do not meet the criteria as described in Note C, they are not recorded in the financial statements

Concluded