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FRIENDS OF ENVIRONMENTAL EDUCATION, INC.

DECEMBER 31, 1997

BATON ROUGE, LOUISIANA

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.

SEP 16 1998

Release Date \_\_\_\_\_

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April 24, 1998

Independent Auditor's Report

To the Board of Directors  
Friends of Environmental Education, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying Statement of Financial Position of Friends of Environmental Education, Inc. as of December 31, 1997, 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 generally accepted auditing standards. 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 Friends of Environmental Education, Inc. as of December 31, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Friends of Environmental Education, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 1997

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 30,624
Investment - Mutual Funds	70,724
Overpayment of Payroll Taxes	<u>965</u>
Total Current Assets	102,313
Property and Equipment, Net	<u>5,870</u>
Total Assets	<u>\$ 108,183</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 11,665
Accrued Payroll	3,895
Deferred Income	<u>60,000</u>
Total Current Liabilities	75,560
Net Assets:	
Unrestricted	32,623
Temporarily Restricted	<u>-</u>
Total Net Assets	<u>32,623</u>
Total Liabilities and Net Assets	<u>\$ 108,183</u>

The accompanying notes are an integral part of this statement.

Friends of Environmental Education, Inc.

STATEMENT OF ACTIVITIES

for the year ended December 31, 1997

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Support and Revenue:			
Public Support	\$ 43,555	\$ 128,279	\$ 171,834
Grant From Governmental Agency	-	14,503	14,503
Other Revenues:			
Program Service Fees	28,585	-	28,585
Interest Income	1,968	-	1,968
Miscellaneous	683	-	683
	<u>74,791</u>	<u>142,782</u>	<u>217,573</u>
Net Assets Released from Restriction	<u>142,782</u>	<u>(142,782)</u>	<u>-</u>
Total Support and Revenue and Net Assets Released from Restrictions	217,573	-	217,573
Expenses:			
Program Services	191,059	-	191,059
Management and General	24,966	-	24,966
Fund Raising	338	-	338
Total Expenses	<u>216,363</u>	<u>-</u>	<u>216,363</u>
Increase in Net Assets	1,210	-	1,210
Net Assets at Beginning of Year	<u>31,413</u>	<u>-</u>	<u>31,413</u>
Net Assets at End of Year	<u>\$ 32,623</u>	<u>\$ -</u>	<u>\$ 32,623</u>

The accompanying notes are an integral part of this statement.

Friends of Environmental Education, Inc.

STATEMENT OF CASH FLOWS

for the year ended December 31, 1997

Cash Flows from Operating Activities:	
Increase in Net Assets	\$ 1,210
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	240
Changes in Assets and Liabilities:	
(Increase) Decrease in Overpayment of Payroll Taxes	(965)
Increase (Decrease) in Accounts Payable	9,946
Increase (Decrease) in Accrued Payroll	1,315
Increase (Decrease) in Deferred Income	<u>60,000</u>
Net Cash Provided By Operating Activities	71,746
Cash Flows from Investing Activities:	
Purchases of Equipment	(6,110)
Purchases of Short-Term Investments	<u>(50,724)</u>
Net Cash Used in Investing Activities	<u>(56,834)</u>
Net Increase in Cash and Cash Equivalents	14,912
Cash and Cash Equivalents - Beginning of Year	<u>15,712</u>
Cash and Cash Equivalents - End of Year	<u>\$ 30,624</u>

The accompanying notes are an integral part of this statement.

Friends of Environmental Education, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

Note 1 - Summary of Significant Accounting Policies -

Nature of Activities

Friends of Environmental Education, Inc. is a nonprofit organization organized to receive and administer funds exclusively for charitable and educational purposes, namely responding to the needs of Louisiana educators, students, and citizens by providing innovative opportunities in the areas of science, mathematics, technology, and environmental education. The sources of income to the Organization include donations (public support), grants from governmental agencies, and fees charged for workshops. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, 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, as applicable. The Organization does not have permanently restricted net assets at December 31, 1997.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or

permanently restricted support that increases those net assets classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of 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.

#### Contributed Services

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial 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. During the year ended December 31, 1997, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

#### Donated Materials

Donated materials and equipment are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt.

#### Contributed Facilities

The Organization operates, without charge, certain premises upon which their office is located. The estimated fair rental value of the premises is reported as support and expense in the year in which the premises are used.

#### Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include all highly liquid debt instruments and certificates of deposit with maturities of three months or less when purchased.

#### Investments

Investments in all debt and equity securities with a readily determinable fair value are reported at their fair value.

#### Property and Equipment

Property and equipment are recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized.

#### Concentration of Support

During the year ended December 31, 1997, the Organization derived approximately 27% of its support and revenue from the Novartis Foundation.

Note 2 - Investment - Mutual Fund -

At December 31, 1997, Investment - Mutual Fund is carried at \$70,724 which is the approximate market value. Because of the insignificant fluctuation of market value during 1997, no unrealized gain or unrealized loss was recognized.

Note 3 - Property and Equipment -

The details of property and equipment as of December 31, 1997 are as follows:

Office Equipment	\$ 6,110
Less: Accumulated Depreciation	<u>(240)</u>
	<u>\$ 5,870</u>

Note 4 - Restrictions of Net Assets -

The Organization received contributions for the purpose of providing workshops, conferences, and other types of training for educators and students. These temporarily restricted net assets were \$-0- at December 31, 1997.

Note 5 - Net Assets Released from Restrictions -

Net assets released from donor restrictions for incurring expenses satisfying the restricted purposes are as follows:

Novartis Foundation	\$ 57,200
Star Enterprises	10,000
State of Louisiana	23,503
General Health Systems	5,000
Louisiana Lottery	10,215
International Paper	5,000
Exxon	6,910
Other	<u>24,954</u>
	<u>\$142,782</u>

Note 6 - Building Lease -

Subsequent to 1997, the Organization entered into an agreement to lease a building at a new location for a period of five years. The annual lease payments will be \$10.