

09/11

RECEIVED
LEGISLATIVE AUDITOR
2002 JAN -2 PM 12:00

Alliance For Education, Inc.
Shreveport, Louisiana
Financial Statements With Auditors' Report
As of and for the Year Ended June 30, 2001

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 JAN 9 2002

Alliance For Education, Inc.
Shreveport, Louisiana

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities For the Year Ended June 30, 2001	3
Statements of Cash Flows	4
Notes to Financial Statements	5 – 8
Reports in Accordance With Government Auditing Standards	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	9 – 10
Summary Schedule of Audit Findings For Louisiana Legislative Auditor	11

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)
MILTON E. KELLEY (RET.)

VICKIE D. NOBLE, CPA
TED D. GREER, CPA
C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Alliance For Education, Inc.
Shreveport, Louisiana

We have audited the accompanying statement of financial position of Alliance For Education, Inc., as of June 30, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Alliance For Education, Inc.'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 the 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 that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Alliance For Education, Inc., as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2001 on our consideration of Alliance For Education, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.



Cook & Morehart
Certified Public Accountants
December 4, 2001

Alliance For Education, Inc.
Shreveport, Louisiana
Statement of Financial Position
June 30, 2001

Assets

Current assets:

Cash \$ 238,611

Furniture and equipment:

Office furniture and equipment 20,574

Accumulated depreciation (9,446)

Net furniture and equipment 11,128

Total Assets \$ 249,739

Liabilities and Net Assets

Current liabilities:

Accounts payable \$ 3,519

Net assets:

Unrestricted:

Operating 230,695

Fixed assets 11,128

Temporarily restricted 4,397

Total net assets 246,220

Total Liabilities and Net Assets \$ 249,739

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

Alliance For Education, Inc.
 Shreveport, Louisiana
 Statement of Activities
 For the Year Ended June 30, 2001

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Grants	\$ 155,191	\$	\$ 155,191
Contributions	479,702	4,397	484,099
Miscellaneous	1,895		1,895
Interest income	9,139		9,139
Total revenues and other support	<u>645,927</u>	<u>4,397</u>	<u>650,324</u>
Expenses:			
Program services:			
Teacher mini grants	149,750		149,750
Identify future programs	391		391
After school academy	43,761		43,761
Leadership institute	805		805
Good neighbor project	67,304		67,304
Path to excellence	128,950		128,950
Weather watch	51,610		51,610
Total program services	<u>442,571</u>		<u>442,571</u>
Supporting services:			
Development - fund raising	91,935		91,935
General operations	32,517		32,517
Total supporting services	<u>124,452</u>		<u>124,452</u>
Total expenses	<u>567,023</u>		<u>567,023</u>
Change in net assets	78,904	4,397	83,301
Net assets as of beginning of year	84,116		84,116
Transferred assets merged	78,803		78,803
Net assets as of end of year	<u>\$ 241,823</u>	<u>\$ 4,397</u>	<u>\$ 246,220</u>

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

Alliance For Education, Inc.
 Shreveport, Louisiana
 Statements of Cash Flows
 For the Years Ended June 30, 2001

	2001
Operating activities	
Change in net assets	\$ 83,301
Adjustments to reconcile charge in net assets to net cash provided by operating activities:	
Depreciation	3,086
Increase in operating liabilities:	
Accounts payable	3,519
Net cash provided by operating activities	89,906
 Investing Activities	
Cash from merged entity	69,966
Payments for property and equipment	(5,566)
Net cash provided by in investing activities	64,400
Net increase in cash and cash equivalents	154,306
Cash as of beginning of year	84,305
Cash as of end of year	\$ 238,611

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

Alliance For Education, Inc.
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2001

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

A. Nature of Activities

Alliance For Education, Inc., (Alliance), is a private nonprofit organization incorporated under the laws of the State of Louisiana. The mission and purpose of Alliance is to improve the quality of education in Louisiana public schools by marshalling independent, private donations and resources of the community, and by facilitating the coordination of private and public resources.

An agreement of merger was entered into between the Alliance For Education, Inc. and another non-profit organization Caddo Public Education Foundation. The Boards of both non-profit organizations agreed to be merged with Alliance being the surviving non-profit corporation. The effective date of the merger was August, 2000.

B. Basis of Accounting

The financial statements of Alliance have been prepared on the accrual basis of accounting.

C. 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 Statements 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.

D. Income Tax Status

Alliance is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Alliance's tax-exempt purpose is subject to taxation as unrelated business income. Alliance had no such income for these audit periods.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

Alliance For Education, Inc.
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2001
(Continued)

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Alliance considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Office Furniture and Equipment

Office furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Depreciation expense for the year ended June 30, 2001 was \$3,086.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 statement of activities as net assets released from restrictions.

I. Retirement Obligations

The employees of Alliance are members of the Social Security System. There are no other retirement plans available through Alliance.

J. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly certain costs have been allocated among the programs and supporting services benefited.

(Continued)

Alliance For Education, Inc.
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2001
 (Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Alliance to concentrations of credit risk consist principally of temporary cash investments. Alliance maintains cash balances at three financial institutions. The accounts at these institutions at June 30, 2001, covered by Federal Deposit Insurance Corporation (FDIC) was \$16,697 and \$221,914 was at an institution which is a member of Securities Investor Protection Corporation (SIPC).

(3) Temporarily Restricted Net Assets

The temporarily restricted net assets represent donations received with donor imposed restrictions which will be met in the subsequent year.

(4) Third Party Reimbursements

During the year ended June 30, 2001, Alliance received revenue under contractual arrangements as follows:

	2001
Louisiana State University in Shreveport, for enhancement of classroom instruction in elementary and secondary schools	\$ 81,481
State of Louisiana, Department of Education, passed through the Caddo Parish School Board, for teacher mini-grants/school impact grants	\$ 73,710

(5) Agreement With Community Foundation of Shreveport-Bossier

During January, 1993 an agreement was made between Caddo Public Education Foundation (CPEF) and the Community Foundation of Shreveport-Bossier (CFS-B). This agreement was to establish a fund in CFS-B in the nature of an endowment to provide current income and long term protection for the operations of CPEF.

The fund was established on the books of CFS-B and known as the "Caddo Public Education Foundation Fund (the Fund)". The Fund is the property of CFS-B. CFS-B has the ultimate authority and control over all property in the Fund. The Fund will be used for the support of the charitable or educational purposes of CPEF. Income from the Fund will be paid and distributed to CPEF at least annually. The Alliance is the successor in interest by merger to CPEF.

(Continued)

Alliance For Education, Inc.
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2001
(Continued)

Since 1993, the Foundation began fund-raising drives to capitalize the Fund. Substantial pledges have been received, with most contributions to be made over a several year period of time. The amounts so collected are remitted by the following month to the Community Foundation of Shreveport-Bossier and in turn help increase the Fund. The Fund's income, subject to nominal CFS-B administrative fees, will be returned to Alliance in the form of grants. During the year ended June 30, 2001, Alliance received from the Fund \$42,897.

Contributions made to the fund during the year ended June 30, 2001 were approximately \$47,694. The fair market value of the fund at June 30, 2001 was approximately \$1,264,618.

(6) Leases

Alliance leases certain office equipment under operating leases. Rental costs for those leases for the year ended June 30, 2001, was \$3,383. Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year are as follows:

<u>June 30</u>	
2002	\$ 3,690
2003	3,690
2004	3,690
2005	<u>1,230</u>
	<u>\$ 12,300</u>

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)
MILTON E. KELLEY (RET.)

VICKIE D. NOBLE, CPA
TED D. GREER, CPA
C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance 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
Alliance For Education, Inc.
Shreveport, Louisiana

We have audited the financial statements of Alliance For Education, Inc. as of and for the year ended June 30, 2001, and have issued our report thereon dated December 4, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Alliance For Education, Inc.'s 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 these 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*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Alliance For Education, Inc. internal control over financial planning 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 on the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weakness. 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 weakness. However, we noted one matter involving internal control over financial reporting that we have reported to management of the Alliance For Education, Inc. in a separate management letter dated December 4, 2001.

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

A handwritten signature in cursive script that reads "Cook & Morehart". The signature is written in black ink and includes a long, sweeping horizontal line extending to the right from the end of the name.

Cook & Morehart
Certified Public Accountants
December 4, 2001

Alliance For Education, Inc.
Shreveport, Louisiana
Summary Schedule of Audit Findings
Schedule for Louisiana Legislative Auditor
June 30, 2001

Summary Schedule of Prior Audit Findings

The audit for the year ended June 30, 2001 is the first audit for this entity.

Corrective Action Plan for Current Year Audit Findings

There was one finding or management letter comment for the current year ended June 30, 2001. Management's response to this comment is listed below:

Documentation For Contributions Received

We are revising our policy regarding the issuance of receipts for donations of restricted funds. We will prepare a form for each donor of \$1,000 or more indicating any and all restrictions on the donated money. We will ask the donor to sign the form indicating their understanding of how the money will be used. These forms will be maintained along with any letters of instruction from donors specifying any restrictions on their money. It is our intent to accurately reflect and comply with the wishes of our donors.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)
MILTON E. KELLEY (RET.)

VICKIE D. NOBLE, CPA
TED D. GREER, CPA
C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

December 4, 2001

Board of Directors
Alliance For Education, Inc.
Shreveport, Louisiana

We have audited the financial statements of Alliance For Education, Inc. (Alliance), for the year ended June 30, 2001, and have issued our report thereon dated December 4, 2001. In planning and performing our audit of the financial statements of Alliance For Education, Inc., we considered its 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.

During our audit the following item was noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control over financial reporting or operations of Alliance. This comment has been discussed with the appropriate members of management.

Documentation For Contributions Received

During our audit we selected numerous contributions to determine if the donor had restricted its use in some manner or to some time period. Documentation was not available for several large contributions.

We recommend that documentation and supporting information be maintained in order to provide support concerning restrictions by donors on contributions.

We express sincere thanks to Alliance personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned item. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.



Cook & Morehart
Certified Public Accountants