

6187

RECEIVED
LEGISLATIVE AUDITOR
2009 OCT 10 AM 10:58

VOLUNTEER INSTRUCTORS TEACHING ADULTS
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORTS
Year Ended 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 1/21/09

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	4-5
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF ACTIVITIES	7
STATEMENT OF CASH FLOWS	8
STATEMENT OF FUNCTIONAL EXPENSES	9
NOTES TO FINANCIAL STATEMENTS	10-15

LOUIS R. ROLFES II, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
900 SOUTH COLLEGE ROAD, SUITE 200-A
P. O. BOX 52266
LAFAYETTE, LOUISIANA 70505-2266

LOUIS R. ROLFES II, CPA, CVA*

MICHELLE B. WOOD, CPA
*A PROFESSIONAL CORPORATION

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA C.P.A.S

(337) 237-8620

FAX (337) 289-5989

EMAIL: lou@rolfescpa.com

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 June 30, 2008 and the related statements of activities and cash flows for the year ended June 30, 2008. 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 U.S. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position on VITA as of June 30, 2008, and the changes in net assets and its cash flows for the year ended June 30, 2008 in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 15, 2008, 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. 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.



Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
August 15, 2008

LOUIS R. ROLFES II, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
900 SOUTH COLLEGE ROAD, SUITE 200-A
P. O. BOX 52266
LAFAYETTE, LOUISIANA 70505-2266

LOUIS R. ROLFES II, CPA, CVA*
MICHELLE B. WOOD, CPA
*A PROFESSIONAL CORPORATION

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA C.P.A.s
(337) 237-8620
FAX (337) 289-5989
EMAIL: lou@rolfescpa.com

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, Inc. (VITA)(a not-for-profit corporation) as of and for the year ended June 30, 2008, and have issued our report thereon dated August 15, 2008. We conducted our audit in accordance with U.S. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered VITA'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 VITA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of VITA's 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 combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of VITA'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 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 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

As part of obtaining reasonable assurance about whether VITA'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 no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended for the information of the Board of Directors, management, the local Board of United Way, the Louisiana Department of Education, and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
August 15, 2008

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2008

ASSETS

CURRENT ASSETS:

Cash - Checking and Savings (Note A)	\$	443,057
Grants Receivable (Note G)		46,818
Other Receivables		752
Prepaid Expenses		1,430

TOTAL CURRENT ASSETS 492,057

PLANT AND EQUIPMENT: (Note A)

Furniture & Equipment		111,091
Accumulated Depreciation		(100,646)

TOTAL PLANT AND EQUIPMENT, NET 10,445

OTHER ASSETS:

Deposits		390
----------	--	-----

TOTAL OTHER ASSETS 390

TOTAL ASSETS \$ 502,892

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable		-
Accrued Compensated Absences		2,208
Accrued Payroll Taxes		2,217
Deferred Revenue (Note A)		16,200
TOTAL LIABILITIES		20,625

NET ASSETS:

Unrestricted:		
Operating		461,204
Plant and Equipment		10,445
Total Unrestricted		471,649
Temporarily Restricted		10,618
Permanently Restricted		-
TOTAL NET ASSETS		482,267

TOTAL LIABILITIES AND NET ASSETS \$ 502,892

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

SUPPORT AND REVENUE

Contributions	\$ 9,897
Grants (Note B)	301,931
Donated Services and Facilities (Note C)	56,945
Cookbook Sales/Other Income	649
Investment Income	15,175
	<hr/>
TOTAL SUPPORT AND REVENUE	384,597

EXPENSES

Auditing	4,300
Advertising, including donated (21,875) (Note C)	22,358
Banquet Expense	3,516
Contract/Professional Services	2,026
Depreciation	7,880
Donated Professional Services (Note C)	4,670
Dues and Donations	1,094
Employee and Board lunches	1,430
Insurance	11,856
Miscellaneous	-
Office	5,156
Postage	1,267
Printing, including donated (400) (Note C)	1,059
Rent, including donated (30,000) (Note C)	52,119
Repairs and Maintenance	1,377
Salaries	173,832
Staff Training	2,082
Taxes - Payroll	14,963
Telephone & Utilities	5,630
Training Material	14,235
Travel, Conferences	1,578
Tutor Training	591
	<hr/>
TOTAL EXPENSES	333,019

OTHER INCOME (EXPENSES)

Gain (Loss) on Disposal of Assets	-
	<hr/>

TOTAL OTHER INCOME (EXPENSES)	-
	<hr/>

INCREASE IN NET ASSETS	\$ 51,578
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets - increase	\$ 51,578
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,880
Decrease in grants receivable	34,035
Decrease in prepaid expenses/other receivables	410
Increase in accrued payroll taxes & payroll expenses	237
(Decrease) in deferred revenue	(5,284)
Prior Period Adjustment	(6,107)
	<hr/>
Total adjustments	31,171
	<hr/>
Net cash provided by operating activities	82,749
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(1,018)
Dispositions of property and equipment	-
	<hr/>
Net cash (used) by investing activities	(1,018)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash (used) by financing activities	-
	<hr/>
Net increase/(decrease) in cash	81,731
Beginning cash balance	361,326
	<hr/>
Ending cash balance	\$ 443,057
	<hr/>

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2008

<u>Expenses</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
Auditing	\$ 3,225	\$ 1,075	\$ 4,300
Advertising, including donated	16,769	5,589	22,358
Banquet Expense	2,637	879	3,516
Contract/Professional Services	1,519	507	2,026
Depreciation	5,910	1,970	7,880
Donated Professional Services	3,502	1,168	4,670
Dues and Donations	1,094	-	1,094
Employee and Board Lunches	1,073	357	1,430
Insurance	8,892	2,964	11,856
Miscellaneous	-	-	-
Office	3,867	1,289	5,156
Penalty	564	188	752
Postage	957	319	1,276
Printing	794	265	1,059
Rent, including donated	39,089	13,030	52,119
Repairs and Maintenance	1,033	344	1,377
Salaries	130,374	43,458	173,832
Staff Training	2,082	-	2,082
Taxes - Payroll	11,222	3,741	14,963
Telephone & Utilities	4,223	1,407	5,630
Training Material	14,235	-	14,235
Travel	1,578	-	1,578
Tutor Training	591	-	591
Total Expenses	\$ 255,230	\$ 78,550	\$ 333,780

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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

Nature of Activities

VITA is a nonprofit community-based educational organization founded in May 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 a minimum of 2 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. Primary funding is provided by annual grants from the Louisiana Department of Education through federal and state money available under the Workforce Investment Act of 1998. In January 2000, VITA opened an office in Opelousas to train volunteers and tutor students in St. Landry Parish. Due to funding cuts, the staffing of the Opelousas office has been reduced to a teaching lab and one part-time staff person effective June 30, 2005.

Change of Fiscal Year

The Board of Directors adopted a new fiscal year end of June 30, 2000 to synchronize VITA's fiscal year with the majority of the grant years. The Board felt this new fiscal year end would improve record keeping and accountability. A Form 990 tax return was filed for the short year (April 1, 2000 to June 30, 2000), and a Form 990 for the fiscal year ended June 30, 2001 was filed in November 2001. The Form 990 for the fiscal year ended June 30, 2008 will be filed on or before November 15, 2008.

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.

Continued

Estimates

The preparation of financial statements in conformity with U.S. 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. VITA files an annual 990 tax return for the fiscal year ended June 30th.

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.

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 U.S. generally accepted accounting principles.

Accounting for Restricted/Unrestricted Support

VITA reports gifts of cash and other assets as unrestricted support, even if they are received with donor stipulations that limit the use of the donated assets, if the restrictions are met in the reporting period. Since the majority of temporarily restricted grant funds are of a reimbursable nature, the purpose restriction has usually been met before the grant reimbursement is received.

Deferred Revenue - Grants and exchange transactions

Some grants are actually "exchange transactions" that do not qualify as contributions under SFAS 116. In such cases, revenue is not recognized until the services required by the grant are rendered. Until the revenue is recognized, any cash or grant receivable asset must be offset by a "deferred or unearned revenue" liability. These exchange transactions differ from contributions in that the method or type of services reimbursed is stipulated by the granting authority and not by the nonprofit organization.

Continued

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.

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 has been included in Salaries and the corresponding liability included on the Statement of Financial Position.

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

Federal Funds

Department of Education* (CFDA #84.002A)	\$	86,587
Department of Health & Human Services STEP/TRANF (CFDA #93.558)		5,148

State/Local Funds

Lafayette Consolidated Government	5,034
La. Department of Education*	58,995
Lafayette Parish School Board	20,000

Other

United Way (Lafayette & St. Landry/Evang.)	109,163
Dollar General	15,000
Other	<u>2,004</u>

Total \$ 301,931

Since all federal and state grants are of a reimbursable nature, grant revenue and expenditures are essentially equal.

*Funding provided under programs for adult basic and English as second language.

Note C – Contributed Services & Facilities (In-Kind)

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	\$ 21,875
Donated rent (Lafayette and St. Landry)	30,000
Donated professional (legal and accounting & computer tech)	4,670
Donated printing	<u>400</u>
TOTAL	<u>\$ 56,945</u>

Note D – Volunteer Tutors

The value of donated services from volunteer tutors is not recognized in the financial statements. Approximately 150 volunteer tutors donated approximately 17,630 hours of time in tutoring approximately 340 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.

Note E – Subsequent Events

Subsequent to the balance sheet date of June 30, 2008, but prior to the issuance of this report, VITA received a notice of allocations recommended by the Louisiana Department of Education Adult Education program of \$130,008 for the fiscal year July 1, 2008 to June 30, 2009. This is a decrease of 6% from the previous year's award. This grant includes both federal and state funds.

The grant from United Way of Acadiana for 2009 is expected to be the same as current year funding levels of \$70,000, and United Way of St. Landry-Evangeline will be the same at \$10,000. The special \$30,000 literacy recovery project award was a one-time event and will not repeat.

Continued

Note F – Lease Commitments

VITA renewed a two-year lease for the Lafayette office commencing on May 1, 2008 and expiring on April 30, 2010 with Whitney National Bank. The lease calls for a base monthly rent of \$6.50 per square foot, (VITA occupies 3,636 square feet), and does not require VITA to pay a share of the excess operating costs. The lease with Whitney National Bank is at a rate which is significantly less than fair market value.

As of June 30, 2005, VITA restructured the St. Landry parish operations. VITA now has only a lab in the Acadiana Works office building in Opelousas. The lab occupies approximately 500 square feet of donated space in this building.

The donated portion of both the office space in Lafayette and the lab in Opelousas is recorded in the line item "donated services and facilities" in the Statement of Activities. The rent expense line item reflects total rent as if the fair market value had been paid. The net of the two numbers is the amount actually paid. See footnote C for further explanation of the proper accounting of donated services and facilities.

Scheduled payments under current lease obligations:

Year Ended June 30,	<u>Lafayette</u>
2009	23,634
2010	19,695
2011	--
2012	--
2013	--
	<u>\$43,329</u>

Note G – Grants Receivable on 2007-2008 grant periods that extend past June 30, 2008

La. Dept. of Education (BASIC)	8,220
La. Dept. of Education (ESL)	1,798
United Way – Lafayette	35,000
Lafayette Consolidated Government	<u>1,800</u>
Total	<u>\$ 46,818</u>

Continued

Note H – Major Grantor/Concentration

For the year ended June 30, 2008, VITA had three major grantors, support from which was approximately 86% of total cash support/revenues. Support from these agencies was approximately \$283,000 for the year ended June 30, 2008. These grantors are the Louisiana Department of Education, Lafayette Parish School Board, and United Way of Acadiana and St. Landry.

Note I –St. Landry Parish Adult Education

Subsequent to the year ended June 30, 2008, but prior to the issuance of our audit report, the board of Directors has made a decision to extend their services for adult literacy in St. Landry Parish. The state of Louisiana has agreed to provide funding in the amount of \$192,362 for this program. Management believes that this will be adequate funding to cover the additional expenses incurred by VITA. This program will be included in the scope of the June 30, 2009 audit.

Concluded