

**LOUISIANA 4-H FOUNDATION, INC.**

Baton Rouge, Louisiana

Financial Report

Years Ended June 30, 2012 and 2011

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# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Russell F. Champagne, CPA\*  
Victor R. Slaven, CPA\*  
P. Troy Courville, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*

Penny Angelle Scroggins, CPA  
Christine L. Cousin, CPA  
Wanda F. Arcement, CPA,CVA  
Allen J. LaBry, CPA  
Albert R. Leger, CPA,PFS,CSA\*  
Marshall W. Guidry, CPA  
Stephen R. Moore, Jr., CPA,PFS,CFP®,ChFC®\*  
James R. Roy, CPA  
Robert J. Metz, CPA  
Alan M. Taylor, CPA  
Kelly M. Doucet, CPA  
Cheryl L. Bartley, CPA  
Mandy B. Self, CPA  
Paul L. Delcambre, Jr., CPA  
Kristin B. Dauzat, CPA  
Matthew E. Margaglio, CPA  
Jane R. Hebert, CPA  
Bryan K. Joubert, CPA  
Stephen J. Anderson, CPA

Retired:  
Conrad O. Chapman, CPA\* 2006  
Tynes E. Mixon, Jr., CPA 2011

\* A Professional Accounting Corporation

## OFFICES

183 South Beadle Rd. 450 East Main Street  
Lafayette, LA 70508 New Iberia, LA 70560  
Phone (337) 232-4141 Phone (337) 367-9204  
Fax (337) 232-8660 Fax (337) 367-9208

113 East Bridge St. 200 South Main Street  
Breaux Bridge, LA 70517 Abbeville, LA 70510  
Phone (337) 332-4020 Phone (337) 893-7944  
Fax (337) 332-2867 Fax (337) 893-7946

1234 David Dr. Ste 203 1013 Main Street  
Morgan City, LA 70380 Franklin, LA 70538  
Phone (985) 384-2020 Phone (337) 828-0272  
Fax (985) 384-3020 Fax (337) 828-0290

408 West Cotton Street 133 East Waddil St.  
Ville Platte, LA 70586 Marksville, LA 71351  
Phone (337) 363-2792 Phone (318) 253-9252  
Fax (337) 363-3049 Fax (318) 253-8681

332 West Sixth Avenue 621 Main Street  
Oberlin, LA 70655 Pineville, LA 71360  
Phone (337) 639-4737 Phone (318) 442-4421  
Fax (337) 639-4568 Fax (318) 442-9833

WEB SITE  
WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Louisiana 4-H Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of the Louisiana 4-H Foundation, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, 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 audit.

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. 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 the Louisiana 4-H Foundation, Inc. as of June 30, 2012 and 2011, and the changes 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 Government Auditing Standards, we have also issued our report dated August 10, 2012, on our consideration of the Louisiana 4-H Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 considered in assessing the results of our audit.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
August 10, 2012

## **FINANCIAL STATEMENTS**

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Statements of Financial Position  
June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 116,079	\$ 186,888
Receivables	22,824	10,688
Total current assets	138,903	197,576
Non-current assets:		
Buildings and equipment	716	2,991
Accumulated depreciation	(620)	(2,714)
Total non-current assets	96	277
Total assets	\$ 138,999	\$ 197,853
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 15,458	\$ 19,297
Deferred revenue	-	5,600
Total current liabilities	15,458	24,897
Net assets:		
Unrestricted	88,541	79,921
Temporarily restricted	35,000	93,035
Total net assets	123,541	172,956
Total liabilities and net assets	\$ 138,999	\$ 197,853

The accompanying notes are an integral part of this statement.

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Statements of Activities  
For The Years Ended June 30, 2012 and 2011

	2012	2011
Changes in unrestricted net assets:		
Contributions and other -		
General contributions	\$ 21,717	\$ 65,358
Foundation contributions	89,898	98,245
Contributions - LSU Foundation	81,045	-
Concessions	94,821	44,803
Reimbursements	8,402	7,476
Other income	9,610	29,390
Interest income	680	1,248
Total contributions	306,173	246,520
Fund raising -		
Golf tournament	33,792	32,557
Ticket sales	-	8,220
Other	6,800	6,301
Total fund raising	40,592	47,078
Net assets released from restrictions:		
Restrictions satisfied by payments	85,257	93,672
Expenses -		
Program services:		
Leadership and Citizenship	221,409	177,875
Supporting services:		
Fundraising expense	34,327	46,977
Management and general	167,666	137,208
Total expenses	423,402	362,060
Increase in unrestricted net assets	8,620	25,210
Changes in temporarily restricted assets:		
Contributions		
4-H participants assistance	27,222	56,778
Net assets released from restrictions	(85,257)	(93,672)
Decrease in temporarily restricted assets	(58,035)	(36,894)
Decrease in net assets	(49,415)	(11,684)
Net assets, beginning	172,956	184,640
Net assets, ending	\$ 123,541	\$ 172,956

The accompanying notes are an integral part of this statement.

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Statement of Functional Expenses  
For the Year Ended June 30, 2012

	Program Services	Supporting Services		Total Expenses
	Leadership and Citizenship	Fund Raising	Management and General	
4-H participant events	\$ 58,338	\$ -	\$ -	\$ 58,338
Contributions - LSU foundation	49,912	-	-	49,912
Donor cultivation	-	-	26,616	26,616
Donation expense	51,309	-	27,200	78,509
Foundation expenses	-	22,589	67,309	89,898
Golf tournament	-	11,738	-	11,738
Meeting expense	-	-	1,900	1,900
Miscellaneous	1,043	-	4,114	5,157
Postage and shipping	-	-	4,582	4,582
Printing	-	-	3,130	3,130
Professional fees	-	-	18,956	18,956
Repairs and maintenance	-	-	10,684	10,684
Supplies	60,807	-	2,994	63,801
Total expenses before depreciation	221,409	34,327	167,485	423,221
Depreciation	-	-	181	181
Total	<u>\$ 221,409</u>	<u>\$ 34,327</u>	<u>\$167,666</u>	<u>\$ 423,402</u>

The accompanying notes are an integral part of this statement.

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Statement of Functional Expenses  
For the Year Ended June 30, 2011

	Program Services	Supporting Services		Total Expenses
	Leadership and Citizenship	Fund Raising	Management and General	
4-H participant events	\$ 65,655	\$ -	\$ -	\$ 65,655
Contributions - LSU foundation	86,708	-	-	86,708
Donor cultivation	-	-	24,827	24,827
Foundation expenses	-	25,094	73,151	98,245
Golf tournament	-	19,450	-	19,450
Meeting expense	-	-	1,854	1,854
Miscellaneous	975	-	131	1,106
Postage and shipping	-	-	4,661	4,661
Printing	-	-	6,641	6,641
Professional fees	-	-	19,035	19,035
Repairs and maintenance	-	-	1,279	1,279
Supplies	24,537	-	5,031	29,568
Ticket sales	-	2,433	-	2,433
	<u>177,875</u>	<u>46,977</u>	<u>136,610</u>	<u>361,462</u>
Total expenses before depreciation				
Depreciation	<u>-</u>	<u>-</u>	<u>598</u>	<u>598</u>
Total	<u>\$ 177,875</u>	<u>\$ 46,977</u>	<u>\$137,208</u>	<u>\$ 362,060</u>

The accompanying notes are an integral part of this statement.

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Statements of Cash Flows  
For The Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	<u>\$ (49,415)</u>	<u>\$ (11,684)</u>
Adjustments to reconcile change in net assets to net cash flow from operating activities -		
Depreciation	181	598
(Increase) decrease in operating assets		
Receivables	(12,136)	(10,488)
Increase (decrease) in operating liabilities		
Accounts payable	(3,839)	19,297
Deferred revenue	<u>(5,600)</u>	<u>5,600</u>
Total adjustments	<u>(21,394)</u>	<u>15,007</u>
Net cash (used) provided by operating activities	(70,809)	3,323
Cash and cash equivalents, beginning of year	<u>186,888</u>	<u>183,565</u>
Cash and cash equivalents, end of year	<u>\$ 116,079</u>	<u>\$186,888</u>

The accompanying notes are an integral part of this statement.

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Louisiana 4-H Foundation, Inc. (Foundation) is a non-profit corporation organized under the laws of the State of Louisiana. The Foundation's mission is to secure private funding for the enhancement of the 4-H Youth Development Program. These programs assist the youth of Louisiana to learn leadership, citizenship, and life skills.

B. Statement of Cash Flows

For purposes of the statement of cash flows, the Foundation considers all highly liquid interest-bearing deposits with a maturity of three months or less when purchased to be cash equivalents.

C. Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished; temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free discount rates applicable to the years in which the promises are to be received.

D. Income Tax Status

The Foundation 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. The Foundation is not classified as a private foundation.

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

E. Donated Services and Materials

A substantial number of volunteers have donated time to the Foundation's program and supporting services. No amounts have been included in the financial statements for the donated services of volunteers because the criteria for recognition of such volunteer effort under FASB ASC 958-605-25 have not been satisfied. Other donated services and donated materials are stated at their estimated fair value on the date donated. Donated services and materials for the years ended June 30, 2012 and 2011 was \$-0- and \$-0- respectively.

F. Depreciation

Land, buildings and equipment are valued at cost, or fair market value in the case of donated property. The Foundation maintains a threshold level of \$500 or more for capitalizing capital assets. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Furniture and equipment 5 – 7 years

G. Use of 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 amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Receivables

The following is a summary of receivables at June 30, 2012 and 2011:

	2012	2011
Concessions	\$ 22,599	\$ 10,513
Individual and corporation contributions	225	175
	<u>\$ 22,824</u>	<u>\$ 10,688</u>

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

(3) Non-Current Assets – Land, Buildings and Equipment

The following is a summary of land, buildings and equipment at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 716	\$ 2,991
Less: Accumulated depreciation	<u>(620)</u>	<u>(2,714)</u>
Net furniture and equipment	<u>\$ 96</u>	<u>\$ 277</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$181 and \$598, respectively.

(4) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose:

	<u>2012</u>	<u>2011</u>
4-H Events- Defers the costs incurred by 4-H participants who are being honored at or participating in various 4-H sponsored events.	<u>\$ 35,000</u>	<u>\$ 93,035</u>

(5) Concentration of Credit Risk

The Organization's cash is deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$250,000. Amounts in excess of insured limits were approximately \$-0- and \$-0- at June 30, 2012 and 2011, respectively.

(6) Risk Management

The Louisiana 4-H Foundation, Inc. is exposed to risks of loss in the areas of general liability and property hazards. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements did not exceed insurance coverage during 2012 and 2011.

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

(7) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Louisiana 4-H Foundation, Inc. expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

(8) Cooperative Endeavor

On May 27, 2008 the Louisiana 4-H Foundation, Inc. entered into a cooperative endeavor with the State of Louisiana. The purpose of this cooperative endeavor is to provide the Louisiana 4-H Foundation, Inc. with \$250,000 from the State of Louisiana's capital outlay funds for improvements to Camp Windywood. All revenues received and expenses incurred during the fiscal year related to this endeavor are recorded in the Statement of Activities.

(9) Donated Facilities

The Louisiana 4-H Foundation, Inc. receives the free use of office space in LSU's facilities. Contributions and expenses related to the donated office space amounting to \$14,600 have been reflected in the accompanying statement of activities.

(10) Tax Status

The Foundation received its latest determination letter on October 30, 2008, in which the Internal Revenue Service stated that the Foundation was in compliance with the applicable requirements of the Internal Revenue Code (IRC). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2012 and 2011, respectively, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2008.

(11) Subsequent Events

The Foundation has evaluated subsequent events through August 10, 2012, the date which the financial statements were available to be issued.

LOUISIANA 4-H FOUNDATION, INC.  
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

(12) On Behalf Payments

The Louisiana 4-H Foundation, Inc. has an affiliation agreement with the Louisiana State University (LSU) Foundation wherein the LSU Foundation maintains both endowed and unendowed funds for the Louisiana 4-H Foundation, Inc. These funds are administered, distributed, and accounted for by the LSU Foundation. These funds are distributed, when available, at the request of the Louisiana 4-H Foundation, Inc. to fulfill certain needs of the Louisiana 4-H Foundation, Inc. and provide participants of various 4-H organizations throughout Louisiana with scholarships, after school and summer activities and other events. The distribution of these funds provides an economic benefit to the Louisiana 4-H Foundation, Inc. During the fiscal years ended June 30, 2012 and 2011 on behalf funds distributed were \$270,396 and \$333,231, respectively.

(13) Joint Costs

As described in note (12) above, the Louisiana 4-H Foundation, Inc. (the Foundation) receives on behalf payments from the LSU Foundation. Some of these payments are for the direct benefit of the Foundation to cover materials and supplies for the Foundation and salaries and benefits of the Foundation employees. These costs totaled \$75,298 and are allocated on the statement of functional expenditures as follows: \$52,709 (70%) to management and general expenses and \$22,589 (30%) to fund raising.

**INTERNAL CONTROL,  
COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
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183 South Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141  
Fax (337) 232-8660

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Fax (337) 367-9208

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Breaux Bridge, LA 70517  
Phone (337) 332-4020  
Fax (337) 332-2867

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Abbeville, LA 70510  
Phone (337) 893-7944  
Fax (337) 893-7946

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Morgan City, LA 70380  
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Phone (318) 253-9252  
Fax (318) 253-8681

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Phone (337) 639-4737  
Fax (337) 639-4568

621 Main Street  
Pineville, LA 71360  
Phone (318) 442-4421  
Fax (318) 442-9833

WEB SITE  
WWW.KCSRCPAS.COM

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Louisiana 4-H Foundation, Inc.  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana 4-H Foundation, Inc. (a nonprofit organization) as of and for the years ended June 30, 2012 and 2011 and have issued our report thereon dated August 10, 2012. 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

Management of the Louisiana 4-H Foundation, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Louisiana 4-H Foundation, Inc.'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 the Louisiana 4-H Foundation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider

item 12-1 in the accompanying schedule of current and prior year audit findings and management's corrective action plan to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 12-2 to be a significant deficiency in internal control over financial reporting.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana 4-H Foundation, Inc.'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 Government Auditing Standards.

The Louisiana 4-H Foundation, Inc.'s responses to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. We did not audit the Louisiana 4-H Foundation, Inc.'s responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization and grant awarding agencies. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
August 10, 2012

LOUISIANA 4-H FOUNDATION, INC.  
Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2012

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

12-1 Inadequate Segregation of Accounting Functions

CONDITION: The Louisiana 4-H Foundation, Inc. did not have adequate segregation of functions within the accounting system.

CRITERIA: SAS109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU§314.43 defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.03 states:

“An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CAUSE: The cause of the condition is the fact that the Foundation does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

MANAGEMENT’S CORRECTIVE ACTION PLAN: Mr. Eric Eskew, Executive Director, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

LOUISIANA 4-H FOUNDATION, INC.  
Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2012

12-2 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Louisiana 4-H Foundation, Inc. does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

CRITERIA: SAS 115, *Communicating Internal Control Related Matters Identified in an Audit*, AU§325.05, states, in pertinent part:

“A deficiency in internal control 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 and correct misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objectives is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

A deficiency in operation exists when:

- The person performing the control does not possess the necessary authority or competence to perform the control effectively.”

Furthermore, AU §325.29 identifies the following as a deficiency in the design of (internal) controls:

“Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

LOUISIANA 4-H FOUNDATION, INC.  
Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2012

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Eric Eskew, Executive Director has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Foundation to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

11-1 Inadequate Segregation of Accounting Functions

CONDITION: The Louisiana 4-H Foundation, Inc. did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 12-1.

11-2 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Louisiana 4-H Foundation, Inc. does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: Unresolved. See item 12-2.