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I & I EDUCATIONAL SERVICES, INCORPORATED
MONROE, LOUISIANA

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION**
As of And for The Year Ended June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, 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

Witness Dated 1.8.1998

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I & I EDUCATIONAL SERVICES, INCORPORATED
Monroe, Louisiana
Financial Statements
and Independent Auditor's Report
As of and for the Year Ended June 30, 1997

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
I & I Educational Services, Incorporated
Monroe, Louisiana

I have audited the accompanying statement of financial position of I & I Educational Services, Incorporated (a nonprofit organization) as of June 30, 1997, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

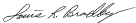
I conducted my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of I & I Educational Services, Incorporated as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT

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Louis R. Bradley
Certified Public Accountant

Monroe, Louisiana
December 15, 1997

FINANCIAL STATEMENTS

I & I EDUCATIONAL SERVICES, INCORPORATED

Statement of Activities
For the Year Ended June 30, 1987

UNRESTRICTED NET ASSETS

Support	
Grants	\$ -
Other support	-
TOTAL UNRESTRICTED SUPPORT	<u>-</u>
Net assets released from restrictions	
Restrictions satisfied by payments	37,000
TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATION	<u>37,000</u>
Expenses	
General and administrative expenses	9,882
Program expenses	25,118
Fund expenses	2,000
Change in unrestricted net assets	<u>-</u>

TEMPORARILY RESTRICTED NET ASSETS

Grants	
Urban Affairs & Development	37,000
Net assets received from institutions	
Restrictions satisfied by payments	37,000
Change in temporarily restricted net assets	<u>-</u>
Net assets as of beginning of year, as related	-
Net assets as of end of year	<u>-</u>

See accompanying notes to financial statements.

I.B.I. EDUCATIONAL SERVICES, INCORPORATED

Statement of Cash Flows
For the Year Ended June 30, 1967

Operating activities	
Change in net assets	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease (increase) in accounts receivable	150
Decrease (increase) in grants receivable	-
Increase (decrease) in accounts payable/unearned liabilities	91
Total adjustments	<u>241</u>
Net cash provided by operating activities	<u>241</u>
	-
Cash and cash equivalents as of beginning of year	<u>241</u>
Cash and cash equivalents as of the end of year	<u>\$ -</u>

See accompanying notes to financial statements.

I & I EDUCATIONAL SERVICES, INCORPORATED

Statement of Functional Expenses
For the Year Ended June 30, 1997

	General and <u>Administrative</u>	Program <u>Services</u>	Total <u>Expenses</u>
Personnel Costs			
Salary and wages	7,280	-	7,280
Payroll taxes and other fringe benefits	537	-	537
Total personnel costs	<u>7,817</u>	<u>-</u>	<u>7,817</u>
Other expenses			
Consultant	-	12,489	12,489
Other Program Costs	-	12,236	12,236
Travel	844	-	844
Tutoring	-	3,990	3,990
Total other expenses	<u>844</u>	<u>28,315</u>	<u>29,162</u>
Total Functional Expenses	<u>8,661</u>	<u>28,315</u>	<u>37,006</u>

See accompanying notes to financial statements.

**NOTES AND OTHER INDEPENDENT AUDITOR'S
REPORTS**

I & Educational Services, Incorporated
Monroe, Louisiana

Notes to the Financial Statement
As of and for the Year Ended June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The I & Educational Services, Incorporated is a private non-profit organization domiciled in the State of Louisiana at Monroe, Louisiana. The Organization was chartered by the State of Louisiana on April 28, 1995. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. The Organization provides a wide range of services as follows:

1. **Remedial Education:** Remedial education involves tutorial and teaching assistance to youth for all school ages in need of assistance. Class rooms are provided by local organizations and churches funded by state grants. The activities started in 1983 and are currently being provided as grants are awarded. The services are provided by qualified and retired teachers who volunteer their time or work at reduced wages of \$10.00 per hour.
2. **Health Education:** Health education consists of outreach and referral services to inform the general public about the dangers of the HIV/AIDS disease, its causes, prevention and treatment. The services are delivered by providing seminars, public speaking engagements at local schools, and disbursement of printed literature. Services are provided as grants are awarded.
3. **Community Awareness:** Community awareness activities consists of (a) efforts to develop small and minority owned businesses by making them aware of the various opportunities for starting, financing and developing a market for a business.

The Organization is governed by a Board of Directors consisting of three (3) members. The Board Members receive no compensation.

B. Basis of Presentation

Previously, the Organization followed standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants' "Industry Guide for Audit of Voluntary Health and Welfare Organization." For the period ending June 30, 1997, the Organization adopted the provisions of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* by restating net assets as of June 30, 1997. Statement No. 116 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general purpose 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.

C. Public Support and Revenue

Revenue and public support consists mainly of a state grant, fundraising, and contributions. Grants and other contributions of cash and other assets are reported as permanently restricted or temporarily restricted if they are received with donor restrictions or restrictions designated by the governing board. Contributions are considered to be unrestricted unless restricted by the donor. All assets over which the Board of Directors has discretionary control have been included in the General Fund.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The Organization had no estimates for the period ending June 30, 1997.

E. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents.

Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Organization had no cash equivalents during the audit period. On June 30, 1997, I & Educational Services, Incorporated had cash totaling \$0.00.

F. Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CHANGES IN ACCOUNTING PRINCIPLES

The Organization adopted the 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* by restating net assets as of June 30, 1997. Statement No. 116 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and require a statement of financial position, a statement of activities, and a statement of cash flows. The Organization adopted Statement No. 116 by restating net assets as of June 30, 1997. The adoption of Statement No. 116 did not effect any change in net assets.

3. PENSION PLAN

The Organization does not have a retirement program for its employees and the employees are not members of the State of Louisiana Retirement System. All

I & Educational Services, employees of the I & Organization are members of the Social Security System. In addition to the employees' contribution of 3.65 percent, the agency contributes an equal amount to the Social Security System. Pension cost for the year was \$1901.

The Organization does not guarantee the benefits granted by the Social Security System.

4. 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.

5. DONATED SERVICES

The value of donated services are not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, for the purpose of this report, amounts are immaterial.

6. BUDGET PRACTICES

The Organization prepares an annual budget which is approved by the Board of Directors prior to being submitted to the granting authority. As a result, "budgeted and actual" comparative statements are presented as supplemental information.

7. GENERAL FIXED ASSETS

Fixed Assets used in the non-profit organization are accounted for in the State Grant Fund and are stated at cost. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. The Organization had no fixed assets for the year ended June 30, 1997.

Phone (318) 329-0092 • Fax (318) 329-0034 • P.O. Box 1188 - 141 DeGard Street, Suite 200 • Monroe, LA 71212-0188

American Institute of Certified Public Accountants • Society of Louisiana Certified Public Accountants
Society of Arkansas Certified Public Accountants • Missouri Chamber of Commerce

**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 of
I & I Educational Services, Incorporated
Monroe, Louisiana

I have audited the statement of financial position of I & I Educational Services, Incorporated and the related statements of activities, cash flows, and functional expenses as of and for the year ended June 30, 1997, and have issued my report thereon dated December 15, 1997. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether I & I Educational Services, Incorporated's financial statements are free of material misstatement, I 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 those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered I & I Educational Services, Incorporated's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted no matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect I & I Educational Services, Incorporated's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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

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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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended for the information of the Legislative auditor, the Louisiana Department of Urban Affairs and Development. However, this report is a matter of public record and its distribution is not limited.



Louis R. Bradley
Certified Public Accountant

December 15, 1997
Monroe, Louisiana

SUPPLEMENTAL INFORMATION

I & I EDUCATIONAL SERVICES, INCORPORATED
Monroe, Louisiana

SCHEDULE OF FUND DESCRIPTION

As of and for the Year ended June 30, 1987

RESTRICTED FUND

The restricted fund is used to account for revenues provided by the Louisiana Governor's Office of Urban Affairs and Development Grant Program.

I & I EDUCATIONAL SERVICES, INCORPORATED
Schedule of Activities - Budget to Actual
For the Year Ended June 30, 1997

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Grants	37,000	37,000	-
Other Income	-	-	-
Total revenue	<u>37,000</u>	<u>37,000</u>	<u>-</u>
Personnel Costs			
Salaries and wages	12,000	7,281	4,719
Payroll taxes and other fringe benefits	914	557	357
Total personnel costs	<u>12,914</u>	<u>7,838</u>	<u>5,076</u>
Other expenses			
Consultant	9,400	12,489	(3,089)
Equipment	1,800	-	1,800
Other Program Costs	8,200	12,236	(4,036)
Travel	600	844	(244)
Tutoring	4,000	3,593	407
Total other expenses	<u>24,000</u>	<u>29,162</u>	<u>(5,076)</u>
Total expenses	<u>37,000</u>	<u>37,000</u>	<u>-</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

I & I EDUCATIONAL SERVICES, INCORPORATED
Monroe, Louisiana

STATUS OF PRIOR YEAR FINDINGS

Finding Number 94-01

FINDING:

ACCOUNTING SYSTEM

The Organization did not maintain general ledgers and related accounting system on a current basis.

UNCLEARED

Finding Number 94-02

FINDING:

PROPER DOCUMENTATION

While proper documentation was available for all disbursements in the State Grant Fund, some documentation was not available for the General Fund.

CLEARED