ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION

FINANCIAL STATEMENTS

AS OF AND

FOR THE YEAR ENDED

DECEMBER 31, 2022

ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
St. Bernard Economic Development Foundation
Chalmette, Louisiana

Management is responsible for the accompanying financial statements of the St. Bernard Economic Development Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Other Matter

The schedule of compensation, benefits and other payments to the agency head is presented for purposes of additional analysis as required by Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

New Orleans, Louisiana
June 28, 2023

Ericksen Krentel, LLP
Certified Public Accountants

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 475,675
Investments	353,135
Accounts receivable	37,500
Contract assets	6,000
Total current assets	872,310
PROPERTY AND EQUIPMENT:	
Furniture and equipment	26,945
Accumulated depreciation	(25,180)
Total property and equipment, net	1,765
OTHER ASSETS:	
Right-of-use asset - operating lease	166,789
Accumulated amortization - operating lease	(56,092)
Total other assets	110,697
Total assets	$ 984,772

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Operating lease liability - current	$ 13,160
Total current liabilities	13,160
NONCURRENT LIABILITIES:	
Operating lease liability - noncurrent	106,379
Total noncurrent liabilities	106,379
Total liabilities	119,539
NET ASSETS:	
Without donor restrictions	865,233
With donor restrictions	-
Total net assets	865,233
Total liabilities and net assets	$ 984,772

(See independent accountants' compilation report and accompanying notes)

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
St. Bernard Parish grant	$ 150,000	$ -	$ 150,000
Other grants	102,500	-	102,500
Contract revenue	12,000	-	12,000
Contributions and donations	170,945	-	170,945
Other income	4,040	-	4,040
Net assets released from restrictions	-	-	-
Total revenue and support	439,485	-	439,485
EXPENSES:			
Program services			
Economic development	238,134	-	238,134
Total program services	238,134	-	238,134
Support services			
General and administrative	50,289	-	50,289
Total support services	50,289	-	50,289
Total expenses	288,423	-	288,423
Change in net assets	151,062	-	151,062
Net assets, beginning of year	714,171	-	714,171
Net assets, end of year	$ 865,233	$ -	$ 865,233

(See independent accountants' compilation report and accompanying notes)

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Economic Development	General and Administrative	Total
Salaries	$ 96,530	$ 32,176	$ 128,706
Startup St. Bernard	60,416	-	60,416
Rent	15,000	-	15,000
Grants	20,000	-	20,000
Legal and accounting	3,888	1,296	5,184
Payroll taxes	7,401	2,467	9,868
Sponsorship	236	-	236
Telephone	3,333	1,111	4,444
Marketing	7,918	-	7,918
Health insurance	4,662	1,554	6,216
Insurance	-	874	874
Dues and subscriptions	-	1,969	1,969
Cell phone reimbursement	1,336	-	1,336
Grow St. Bernard	81	-	81
Business meetings	1,838	-	1,838
Depreciation and amortization	6,926	2,308	9,234
Web design	182	61	243
Office supplies	-	353	353
Professional development	-	2,155	2,155
Travel	8,387	2,795	11,182
Bank charges	-	660	660
Miscellaneous	-	510	510
	$ 238,134	$ 50,289	$ 288,423

(See independent accountants' compilation report and accompanying notes)

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:	
Change in net assets	$ 151,062
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	9,234
Changes in assets and liabilities:	
Accounts receivable	(37,500)
Contract assets	(3,000)
Payroll taxes payable	(1,218)
Total adjustments	(32,484)
Net cash from operating activities	118,578
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:	
Purchase of investments	(353,135)
Net cash (used for) investing activities	(353,135)
Net decrease in cash and cash equivalents	(234,557)
Cash and cash equivalents, beginning of year	710,232
Cash and cash equivalents, end of year	$ 475,675

(See independent accountants' compilation report)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The St. Bernard Economic Development Foundation (the Foundation) is a not-for-profit corporation whose mission is to enhance economic development and commerce in St. Bernard Parish and the State of Louisiana. The Foundation's primary sources of revenues are governmental grants and contributions. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Foundation follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – limited only by the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors, and others entered by the organization during its business.

Net Assets with Donor Restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Foundation had no net assets with donor restrictions as of December 31, 2022.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The Foundation invests in LAMP, which is administered by LAMP, Inc., a non-profit corporation incorporated in the State of Louisiana. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The investment in LAMP is valued at fair value, which is determined weekly by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs do not stem directly from quoted prices and include data that is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active.

Level 3 inputs are unobservable and require the entity to develop its own assumptions. No Level 2 or Level 3 inputs were used by the Foundation during the year ended December 31, 2022.

Contract Assets

Contract assets consist of unbilled receivables under the Foundation's cooperative endeavor agreement with the St. Bernard Port, Harbor and Terminal District as further discussed in Note 5.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable
Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the collectability of individual accounts. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment
The Foundation capitalizes property and equipment over $500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment is depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

Support and Revenue
Contributions of cash and other assets are reported as without donor restrictions if they are received without donor restrictions or with donor restrictions, if they are received with donor restrictions that limit the use of the donated assets, respectively. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions of donated non-cash assets are recorded at their fair values in the period received.

Leases
The Foundation applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The Foundation defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

The Foundation has a lease contract that includes extension and termination options. The Foundation applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the Foundation reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Foundation generally uses the incremental borrowing rate when initially recording operating leases. Information from the lessor regarding the fair value of underlying asset and initial direct costs incurred by the lessor related to the leased assets is not available.

The Foundation determines the incremental borrowing rate of each lease by estimating the credit rating of the Foundation at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function, therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, rent, printing, telephone, legal and accounting, insurance, and web design, which are allocated based on estimates of time and effort.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2020 – 2022 are subject to examination by the IRS, generally for three years after they were filed. The Foundation records interest and penalties related to its tax positions as income tax expense.

New Accounting Standards Adopted

The FASB has issued Accounting Standards Update (Update) No. 2020-07, "*Not-for-Profit Entities (Topic 958)*." This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. This Update is applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The adoption of this Update did not have a material impact on the Foundation.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842*, *Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements;* and ASU 2021-09*, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards Adopted (Continued)
The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The adoption of these Updates had a material impact on the Foundation.

Date of Management's Review
Management has evaluated subsequent events through June 28, 2023, the date the financial statements were available to be issued.

(2) LIQUIDITY

At December 31, 2022, the Foundation has $872,310 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents, investments and accounts receivable. The Foundation structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

(3) INVESTMENTS

The fair value of Level 1 investments is determined by reference to quoted prices in active markets for identical assets and is as follows at December 31, 2022:

LAMP	$353,135

Interest income totaled $3,135 for the year ended December 31, 2022.

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture	$23,297
Equipment	3,648
	26,945
Less: Accumulated Depreciation	(25,180)
Total	$ 1,765

Depreciation expense was $9,234 for the year ended December 31, 2022.

(5) COOPERATIVE ENDEAVOR AGREEMENT

The Foundation has entered into a cooperative endeavor agreement (CEA) with the St. Bernard Port, Harbor and Terminal District (the Port) whereby the parties agree to facilitate and coordinate a program that will provide marketing, promotion, and public relations services. Under the terms of the CEA, the Port will compensate the Foundation $1,000 monthly. Total revenue under the CEA was $12,000 for the year ended December 31, 2022 and includes unbilled receivables totaling $6,000 as of December 31, 2022 reported as contract assets on the statement of financial position.

(6) LEASES

Leases Under ASC 842

Effective January 1, 2022, the Foundation adopted FASB 842, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Foundation elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Foundation to initially apply the new lease standard at the adoption date.

The Foundation elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Foundation also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right-of-use assets.

(6) LEASES (CONTINUED)

Leases Under ASC 842 (Continued)

Additional information about the Foundation's lease is as follows for the year ended December 31, 2022:

Operating lease cost	$16,389
Cash paid for amounts in lease liabilities	$15,000
Operating cash flows from operating leases	15,000
Right-of-use assets obtained in exchange for new operating lease liabilities	166,789
Weighted-average remaining lease term-operating leases	7.21 years
Weighted-average discount rate-operating leases	1.63%

The maturities of lease liabilities as of December 31, 2022 are as follows:

Year ending December 31,	
2023	$15,000
2024	15,000
2025	18,250
2026	18,900
2027	18,900
Thereafter	40,950
	127,000
Less: interest	(7,461)
	$119,539

(7) CONCENTRATIONS

The Foundation maintained balances with one financial institution. At times during the year, the amounts may exceed federally insured limits.

For the year ended December 31, 2022, the Foundation received approximately 34% of its total revenues from one donor. A significant reduction in funding from this donor may lead to a reduction in program activities.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR DECEMBER 31, 2022

Agency Head Name: Meaghan R. McCormack

Purpose	**Amount**
Salaries	$ 103,333
	$ 103,333

(See independent accountants' compilation report)

OTHER REPORTS

Not applicable.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
SUMMARY SCHEDULE OF PRIOR PERIOD FINDINGS
DECEMBER 31, 2022

Not applicable.