

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

FINANCIAL REPORT

(Reviewed)

December 31, 2020

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

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December 31, 2020 and 2019

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Louisiana Charter Boat Association, Inc.
Baton Rouge, Louisiana

We have reviewed the accompanying financial statements of the **LOUISIANA CHARTER BOAT ASSOCIATION, INC.** (the Association) (a non-profit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of many material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, LCBA has adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 18, 2021

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

(See Independent Accountants' Review Report)

ASSETS

	2020	2019
CURRENT ASSETS		
Cash	\$ 572,303	\$ 447,139
Grants receivable	193,365	232,587
Total current assets	765,668	679,726
PROPERTY, net of accumulated depreciation	17,222	33,889
Total assets	\$ 782,890	\$ 713,615

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued expenses	\$ -	\$ 4,230
NET ASSETS		
Without donor restrictions	782,890	709,385
Total liabilities and net assets	\$ 782,890	\$ 713,615

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

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years then ended December 31, 2020 and 2019

(See Independent Accountants' Review Report)

	<u>2020</u>	<u>2019</u>
REVENUES AND SUPPORT		
Grants:		
State assistance	\$ 425,951	\$ 458,439
Miscellaneous	<u>2,462</u>	<u>1,752</u>
Total revenues and support	<u>428,413</u>	<u>460,191</u>
EXPENSES		
Program	264,312	213,694
Management and general	<u>90,596</u>	<u>124,819</u>
Total expenses	<u>354,908</u>	<u>338,513</u>
Increase in net assets	73,505	121,678
NET ASSETS - WITHOUT DONOR RESTRICTIONS		
Beginning of year, as restated	<u>709,385</u>	<u>587,707</u>
End of year	<u>\$ 782,890</u>	<u>\$ 709,385</u>

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

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years then ended December 31, 2020 and 2019

(See Independent Accountants' Review Report)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 73,505	\$ 121,678
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,667	13,194
Change in operating assets and liabilities:		
Increase (decrease) in grants receivable	39,222	(35,748)
(Decrease) increase in accrued expenses	<u>(4,230)</u>	<u>395</u>
Net cash provided by operating activities	125,164	99,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of website	<u>-</u>	<u>(25,000)</u>
Net increase in cash	125,164	74,519
CASH		
Beginning of year	<u>447,139</u>	<u>372,620</u>
End of year	<u>\$ 572,303</u>	<u>\$ 447,139</u>

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

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES

For the years then ended December 31, 2020 and 2019

(See Independent Accountants' Review Report)

	2020		
	Management and		
	Program	General	Total
Promotional	\$ 188,242	\$ -	\$ 188,242
Salaries and payroll taxes	40,787	33,371	74,158
Legal and professional	35,283	28,868	64,151
Depreciation	-	16,667	16,667
Office supplies	-	3,068	3,068
Travel	-	2,932	2,932
Insurance	-	2,166	2,166
Bank fees	-	1,895	1,895
Dues and subscriptions	-	986	986
Meals and Entertainment	-	588	588
Meetings	-	55	55
Total expenses	\$ 264,312	\$ 90,596	\$ 354,908
	2019		
	Management and		
	Program	General	Total
Promotional	\$ 141,291	\$ -	\$ 141,291
Salaries and payroll taxes	57,773	70,612	128,385
Legal and professional	14,630	11,970	26,600
Depreciation	-	5,206	5,206
Office supplies	-	7,979	7,979
Travel	-	13,194	13,194
Insurance	-	2,141	2,141
Bank fees	-	1,657	1,657
Dues and subscriptions	-	1,617	1,617
Meals and Entertainment	-	10,115	10,115
Meetings	-	126	126
Other	-	202	202
Total expenses	\$ 213,694	\$ 124,819	\$ 338,513

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

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The Louisiana Charter Boat Association, Inc. (the Association), founded in 1994, is a non-profit member organization of Charter Boat Captains with the goal of promoting high standards of professionalism among professional fishing guides and charter boat operators in the State of Louisiana. The mission of the Association is to encourage and increase business for licensed professional fishing guides and charter boat operators, to create a unified body of representation that will allow a spoken voice to be heard in the Louisiana Legislature, Louisiana Wildlife and Fisheries, the United States Congress and other agencies, to strive for conservation of Louisiana's valued coastal marine resources, and to encourage licensing of all fishing guides and charter boat captains.

Basis of presentation

The accounting and reporting policies of the Association conform to generally accepted accounting principles.

Financial position and activities are to be reported according to two classes of net assets: with donor restrictions and without donor restrictions. The Association did not have any net assets with donor restrictions at December 31, 2020 and 2019.

New accounting pronouncement

During the year ended December 31, 2020, the Association adopted the requirements of the FASB's ASU No. 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional.

As a result, the adoption of this standard did not change the Association's methodology for revenue recognition for its current revenue streams.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

Cash

For purposes of the statements of cash flows, the Association considers all highly liquid debt instruments, including money markets and certificates of deposits available for current use, with an initial maturity of three months or less, to be cash equivalents. There were no cash equivalents as of December 31, 2020 and 2019.

Property

Property purchased by the Association with an estimated useful life greater than one year is recorded at cost and depreciated using the straight-line method over the estimated useful lives of the equipment.

Revenue recognition and support

The Association reports grants and support when received as increases in net assets with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. See Note 3 for further information on recording revenue and support.

The Association records support revenue as services are rendered. Donated materials and equipment are recorded as contributions at their estimated values at date of receipt.

Functional allocation of expenses

Expenses consist of costs related to providing support to programmatic and management and general functions. These costs have been summarized on a functional basis in the statement of revenue and expenses without donor restrictions. Costs are directly charged to the functions they benefit. Salaries are allocated based on the estimated time involved on each function.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Association is a nonprofit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

The Association follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Association's open audit periods are 2018 through 2020.

Advertising

The Association follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$188,242 and \$141,291 for the years ended December 31, 2020 and 2019, respectively.

Subsequent events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 18, 2021, which is the date the financial statements were available to be issued.

NOTE 2 - PROPERTY

A summary of property at December 31, 2020 and 2019 is as follows:

	2020	2019
Machinery and equipment	\$ 3,185	\$ 3,185
Website	61,875	61,685
Total	65,060	65,060
Less: accumulated depreciation	(47,838)	(31,171)
Total property, net	\$ 17,222	\$ 33,889

Depreciation expense was \$16,667 and \$13,194 for the years ended December 31, 2020 and 2019, respectively with no additions in current year.

NOTE 3 - PROGRAM AND OTHER SUPPORT

LA Act 40 - Legislation passed in House Bill No. 378 of the 2013 Louisiana Legislative Session assesses an additional \$500 fee for each non-resident charter boat fishing guide license issued and an additional \$5 dollar fee for persons fishing with a licensed charter guide.

(continued)

NOTE 3 - PROGRAM AND OTHER SUPPORT (CONTINUED)

The Legislation states that the funds shall be deposited to the Conservation Fund and used for promotion of the charter boat industry, protection of the fishery, and to provide for administrative cost of the fund and stipulates that the fees are to be expended for the stated purposes through the Louisiana Charter Boat Association. Support received from the Conservation Fund in accordance with LA Act 40 for the years ended December 31, 2020 and 2019 was \$383,356 and \$412,595, respectively.

LA Act 654 - Legislation passed in House Bill No. 498 of the 2010 Louisiana Legislative Session amended and reenacted Section 1. R.S. 56:302.9(G) to allocate 10% of fees collected each year from the sale of fishing boat fishing guide licenses to be used for promotion of the charter industry, protection of the fishery, and to provide for administrative cost of the Conservation Fund and stipulates that the fees are to be expended for the stated purposes through the Louisiana Charter Boat Association. Support received from the Conservation Fund in accordance with LA Act 654 for the years ended December 31, 2020 and 2019 was \$42,595 and \$45,844, respectively.

NOTE 4 - CONTINGENCIES

In the normal course of operations, the Association receives support from the State and private entities. Some of these activities are subject to audit by the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes the liability, if any, for any reimbursement, which may arise as a result or audits, would not be material.

Appropriations require the fulfillment of certain conditions as set forth in the instrument of the appropriation. Failure to fulfill these conditions could result in the return of the funds to the State. Although this is a possibility, the Association deems the contingency remote, since, by accepting the appropriations and their terms, it has accommodated the objectives of the organization to the provisions of the gifts. Contributions are from both the public and private sectors. Changes in the level of such support could adversely affect the ability of the Association to continue providing services.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

The Association maintains its cash in a secured deposit account at a bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were \$212,093 and \$197,139 in uninsured cash balance at December 31, 2020, and 2019, respectively.

The Association depends on the public to provide appropriations and contributions to enable the Association to continue its activities. Approximately 99% of the Association's support for the years ended December 31, 2020 and 2019, respectively, was received from the State of Louisiana - Department of Wildlife and Fisheries. Program details are discussed at Note 3.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's financial assets available within one year of the balance sheet date for general expenditure consists of cash and accounts receivable in the collective amounts of \$765,668 and \$679,726 as of December 31, 2020 and 2019, respectively.

The Association does not have any amounts with contractual or donor-imposed restrictions within one year of the balance sheet date at December 31, 2020 and 2019.

As part of the Association's liquidity management, the Association maintains sufficient cash funds throughout the year by the grants providing financial support for payroll and related benefit expenses.

NOTE 7 - RESTATEMENT OF CLASSIFICATION OF NET ASSETS

The Association was required to restate net assets for December 31, 2019 and December 31, 2018 to properly record revenues and receivables from funding received by the State of Louisiana. Net assets previously reported are now reported as "net assets, as restated". These adjustments have made a material difference in the net assets balance as of December 31, 2020.

Net assets as of January 1, 2019, as previously reported	\$ 390,868
Restatement to increase grants receivable	<u>196,839</u>
Net assets as of January 1, 2019, restated	<u>587,707</u>
Net income for the year ended December 31, 2019, as previously reported	85,930
Change in net asset effect for restatement of grants receivable, net	<u>35,748</u>
Net assets as of December 31, 2019, restated	<u>\$ 709,385</u>

NOTE 8 - PAYROLL PROTECTION PROGRAM - SUBSEQUENT EVENT

On February 20, 2021, the Association received loan proceeds in the amount of \$13,125 under the Payroll Protection Program (PPP). The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest may be forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the forgiveness period.

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEADS**

For the year ended December 31, 2020

Agency Head: Mr. Ben Weber, Executive Director (January 1, 2020 to February 27, 2020)

Purpose	Amount
Salary	\$ 17,500
Mobile phone allowance	100
	17,600
Total	\$ <u>17,600</u>

Agency Head: Richard Fischer, Executive Director (February 28, 2020 to Present)

Purpose	Amount
Salary	\$ 54,923
Mobile phone allowance	1,161
	56,084
Total	\$ <u>56,084</u>

See independent accountant's review report

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

For the year ended December 31, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Directors
Louisiana Charter Boat Association, Inc.
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide*, enumerated below, which were agreed to by the management of the **LOUISIANA CHARTER BOAT ASSOCIATION, INC.** (the Association), the Legislative Auditor, and applicable federal and state grantor agency/agencies solely to assist the users in evaluating management's assertions about the Association's compliance with the certain laws and regulations for the year ended December 31, 2020 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Association is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable provisions of *Government Auditing Standards*, published by the United States Comptroller General. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

With respect to your representations relating to the federal, state, and local awards compliance, as of December 31, 2020, and for the year then ended, we applied the following agreed-upon procedures:

Federal, State, and Local Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Federal, State, or Local Grant Name	Grant Year	Award #	Amount expended
Act 40 of the 2013 Legislative Session	2020	N/A	\$ 304,417
Act 654 of the 2010 Legislative Session	2020	N/A	33,824
Total			<u>\$ 338,241</u>

The Association did not receive any federal or local awards during 2020.

This report is intended solely for use of the Board of Directors and management of the Association, the Legislative Auditor (State of Louisiana), and the applicable grantor agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 18, 2021

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)**

03/30/2021

Faulk & Winkler, LLC Faulk & Winkler, LLC

6811 Jefferson Highway 6811 Jefferson Highway

Baton Rouge, LA 70806 Baton Rouge, LA 70806

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2019 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

_ Yes [X] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

_ Yes [X] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

_ Yes [X] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

_ Yes [X] No []

]

Open Meetings - N/A

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs" available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

_____ _ Yes [X] No []

Budget - N/A

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

_____ _____ Yes [X]

No []

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

_____ Yes No

No

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

]

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

]

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

]

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

]

The previous responses have been made to the best of our belief and knowledge.

Tom Brown, Jr. Secretary 4/7/2021 Date

Ridley Files Executive Director 4-21-21 Date

Daniel Compton President 4-21-21 Date

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

MANAGEMENT LETTER

For the year ended December 31, 2020



Board of Directors
Louisiana Charter Boat Association, Inc.
Baton Rouge, Louisiana

In planning and performing our review of the financial statements of **LOUISIANA CHARTER BOAT ASSOCIATION, INC.** (the Association) as of and for the year ended December 31, 2020, we considered the Association's internal control over financial reporting (internal control) as a basis for designing review procedures that are appropriate in the circumstances for the purpose of expressing our conclusion on the financial statements, but not for the purpose of expressing an opinion or conclusion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion or conclusion on the effectiveness of the Association's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify deficiencies in internal control that we consider to be material weaknesses noted as 2020-001 and 2020-002 in the accompanying Attachment A.

This communication is intended solely for the information and use of the Association and is not intended to be, and should not be, used by anyone other than this specified party.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 18, 2021

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

2020-001 - INTERNAL CONTROL OVER CASH DISBURSEMENTS

Observation: During the agreed upon procedures we reviewed twelve expenses. It was determined that four of the twelve expenses sampled lacked receipt and/or other supporting documentation. The unsupported transactions totaled \$393.

Recommendation: We recommend that the Association implement procedures to ensure all expenses have proper documentation and approval.

Views of responsible official: Management will ensure all future expenses will have proper documentation and approval.

2020-002 - ADVANCE OF PUBLIC FUNDS

Criteria: Louisiana Constitution, Article 7, Section 14 prohibits loan, pledge or donation of public funds, credit, property or things of value of the Association.

Condition: The former executive director of the Association advanced funds to himself through incurring credit card charges where are presumed to not be related to Association business between January 2017 and February 2020. The Association requested and received reimbursement for charges incurred from January 2019 to February 2020 totaling \$3,166, prior to the internal investigation being completed for two more prior years to cover January 2017 through December 2018 in which \$5,564 of additional charges were presumed to be personal in nature.

Cause: An employee used the Association's credit card for presumed personal meals, fuel and other charges totaling \$8,730 between January 2017 and February 2020.

Effect: The Association may not be in compliance with Louisiana Constitution, Article 7, Section 14, *Donation, Loan, or Pledge of Public Credit*. The Association incurred a loss due to the presumed fraudulent transactions of \$5,564.

The alleged fraud was reported to the Louisiana Legislative Auditor's Office and the East Baton Rouge District Attorney's Office. The case was also reported to the Louisiana State Police who did not pursue any further investigation once reimbursement for the presumed fraudulent charges from January 2019 to February 2020 was made by the former executive director. The executive director was terminated from employment with the Association effective February 28, 2020.

Recommendation: The Association should implement policies and procedures to ensure credit card expenditures are for the Association's business purposes only.

Views of responsible official: Management has implemented policies to prevent this from happening in the future and have performed an internal review.

Louisiana Legislative Auditor’s Finding Template for Reporting Fraud and Misappropriations

AGENCY NAME: Louisiana Charter Boat Association

FISCAL YEAR END: FYE 12/31/2019

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	The Association advanced funds to an individual through incurring credit card charges not related to Association business.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Credit/debit card transactions for personal use.
3	The amount of funds or approximate value of assets involved.	\$8,730
4	The department or office in which the fraud or misappropriation occurred.	Executive Director
5	The period of time over which the fraud or misappropriation occurred.	To the extent known as of the date of the accountant’s review report, January 2017 to February 2020.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Executive Director
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Mr. Ben Weber
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No – terminated from agency on February 28, 2020
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	n/a
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes – See 1.2.2
11	What is the status of the investigation at the date of the auditor’s/accountant’s report?	See 1.2.2
12	If the investigation is complete and the person believed to have committed the act of fraud or	See 1.2.2

Louisiana Legislative Auditor’s Finding Template for Reporting Fraud and Misappropriations

AGENCY NAME: Louisiana Charter Boat Association

FISCAL YEAR END: FYE 12/31/2019

	misappropriation has been identified, has the agency filed charges against that person?	
13	What is the status of any related adjudication at the date of the auditor’s/accountant’s report?	See 1.2.2
14	Has restitution been made or has an insurance claim been filed?	See 1.2.2
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes – See 1.2.2
16	Did the agency’s internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes – Per Richard Fischer via email to Faulk & Winkler on May 13, 2020, “LCBA’s Board conducted a spot review of employee record keeping in line with good business practices and noted some deficiencies that called into question some spending issues.” See 1.2.2
17	If the answer to the last question is “no,” describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	n/a
18	Management’s plan to ensure that the fraud or misappropriation does not occur in the future	Yes – Per Richard Fischer via email to Faulk & Winkler on May 22, 2020, “LCBA board is implementing an employee handbook, which requires stronger documentation and more timely review of business expenses and receipts.” See 1.2.2