

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Audits of Consolidated Financial Statements

December 31, 2018 and 2017



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Independent Auditor's Report

To the Board of Directors
Lake Pontchartrain Basin Foundation
and Save Our Lake Endowment, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lake Pontchartrain Basin Foundation (the Foundation) and Save Our Lake Endowment, Inc. (the Endowment), collectively, the Entity, which comprise the consolidated statement of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Entity as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2019 on our consideration of the Entity'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 solely 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 effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Emphasis of a Matter

As discussed in Note 2 to the consolidated financial statements, in 2018, the Foundation adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.



A Professional Accounting Corporation

Metairie, LA
June 9, 2019

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**
Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 331,262	\$ 238,113
Cash Restricted for Program Expenditures	907,046	906,751
Grants Receivable	347,215	288,126
Inventory	19,353	12,838
Prepaid Expenses	1,016	829
Other Receivables	11,771	13,308
Investments	162,106	171,390
Other Current Asset	4,048	4,048
Total Current Assets	1,783,817	1,635,403
Property and Equipment, Net	1,071,080	1,153,912
Total Assets	\$ 2,854,897	\$ 2,789,315
Current Liabilities		
Accounts Payable	\$ 138,152	\$ 76,652
Accrued Liabilities	125,151	103,251
Line of Credit	152,150	-
Current Portion of Note Payable	3,234	3,108
Total Current Liabilities	418,687	183,011
Note Payable, Less Current Portion	8,697	12,186
Total Liabilities	427,384	195,197
Net Assets		
Without Donor Restrictions	1,384,252	1,534,491
With Donor Restrictions	1,043,261	1,059,627
Total Net Assets	2,427,513	2,594,118
Total Liabilities and Net Assets	\$ 2,854,897	\$ 2,789,315

The accompanying notes are an integral part of these consolidated financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**
Consolidated Statement of Activities
For the Years Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, Losses, and Other Support			
Contracts - Federal	\$ 107,062	\$ -	\$ 107,062
Grants - Federal	674,008	27,500	701,508
Grants - Non-Federal	313,209	1,062,246	1,375,455
Contributions	102,657	61,183	163,840
Fundraising			
Events	47,712	-	47,712
Membership Dues	10,836	-	10,836
Lighthouse			
Museum Admissions, Net	44,107	-	44,107
Donations	4,875	-	4,875
Facility Rental	12,830	-	12,830
Museum Shop (Net of Direct Merchandise Expense of \$11,982)	3,382	-	3,382
Other Income			
Pontchartrain Beach Rental	11,675	-	11,675
Investment Loss (Return), Net	(3,975)	2,330	(1,645)
Miscellaneous Income	10,732	2,570	13,302
	<hr/>		
Total Revenues, Gains, Losses, and Other Support Before Donated Goods and Services	1,339,110	1,155,829	2,494,939
	<hr/>		
Donated Goods	152,878	-	152,878
Donated Services	131,665	-	131,665
	<u>284,543</u>	<u>-</u>	<u>284,543</u>
Net Assets Released from Restrictions			
Satisfaction of Purpose Restrictions	1,172,195	(1,172,195)	-
	<hr/>		
Total Revenues, Gains, Losses, and Other Support	2,795,848	(16,366)	2,779,482
Expenses			
Program Services			
Community Outreach	700,451	-	700,451
Scientific Programs	1,579,822	-	1,579,822
Supporting Services			
Fundraising	260,513	-	260,513
Management and General	405,301	-	405,301
	<hr/>		
Total Expenses	2,946,087	-	2,946,087
	<hr/>		
Change in Net Assets	(150,239)	(16,366)	(166,605)
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Net Assets, Beginning of Year	1,534,491	1,059,627	2,594,118
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Net Assets, End of Year	\$ 1,384,252	\$ 1,043,261	\$ 2,427,513
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The accompanying notes are an integral part of these consolidated financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**
Consolidated Statement of Activities
For the Years Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, Losses, and Other Support			
Contracts - Federal	\$ 9,579	\$ 65,251	\$ 74,830
Contracts - Local Government	793	67,374	68,167
Grants - Federal	716,502	-	716,502
Grants - Non-Federal	64,468	730,028	794,496
Settlement	-	50,000	50,000
Contributions	50,672	80,671	131,343
Fundraising			
Events	89,494	-	89,494
Membership Dues	30,020	-	30,020
Lighthouse			
Museum Admissions, Net	35,170	-	35,170
Donations	2,268	-	2,268
Facility Rental	10,495	-	10,495
Museum Shop (Net of Direct Merchandise Expense of \$8,012)	6,560	-	6,560
Other Income			
Pontchartrain Beach Rental	35,657	-	35,657
Investment Return, Net	12,475	6,312	18,787
Miscellaneous Income	11,192	-	11,192
	1,075,345	999,636	2,074,981
Donated Goods	124,249	-	124,249
Donated Services	141,422	-	141,422
	265,671	-	265,671
Net Assets Released from Restrictions			
Satisfaction of Purpose Restrictions	1,046,216	(1,046,216)	-
	2,387,232	(46,580)	2,340,652
Expenses			
Program Services			
Community Outreach	634,318	-	634,318
Scientific Programs	1,389,643	-	1,389,643
Supporting Services			
Fundraising	300,296	-	300,296
Management and General	383,366	-	383,366
	2,707,623	-	2,707,623
Change in Net Assets	(320,391)	(46,580)	(366,971)
Net Assets, Beginning of Year	1,854,882	1,106,207	2,961,089
Net Assets, End of Year	\$ 1,534,491	\$ 1,059,627	\$ 2,594,118

The accompanying notes are an integral part of these consolidated financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018**

	Program Services		Supporting Services		Totals
	Community Outreach	Scientific Programs	Fundraising	Management and General	
Salaries	\$ 203,514	\$ 494,416	\$ 69,561	\$ 169,842	\$ 937,333
Fringe Benefits and Payroll Taxes	46,698	127,328	13,710	38,452	226,188
Event Expense	788	3	37,092	60	37,943
Advertising/PSA	13,608	20,324	3,610	7,804	45,346
Computer and Copier Maintenance	37,809	60,939	14,745	26,178	139,671
Contract Services	97,350	321,580	81,376	32,065	532,371
Insurance	37,296	13,465	2,810	5,362	58,933
Laboratory Fees	960	47,988	-	-	48,948
Occupancy	8,643	18,915	8,418	56,547	92,523
Printing and Postage	2,621	1,594	210	1,607	6,032
Professional Services	33,203	168,741	7,661	42,339	251,944
Repairs and Maintenance (Non-Movable)	8,835	-	92	3	8,930
Supplies and Equipment	24,277	44,434	1,728	5,357	75,796
Museum and Gift Shop	39	-	-	-	39
Utilities	14,617	13,752	3,005	4,604	35,978
Travel	5,618	18,207	2,119	4,527	30,471
Vehicle and Boat Maintenance	7,927	40,351	2,024	127	50,429
Total Expenses Before Depreciation and In-Kind Donations	543,803	1,392,037	248,161	394,874	2,578,875
Depreciation	59,240	23,183	-	246	82,669
In-Kind Donations	97,408	164,602	12,352	10,181	284,543
Total Expenses	\$ 700,451	\$ 1,579,822	\$ 260,513	\$ 405,301	\$ 2,946,087

The accompanying notes are an integral part of these consolidated financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2017**

	Program Services		Supporting Services		Totals
	Community Outreach	Scientific Programs	Fundraising	Management and General	
Salaries	\$ 206,819	\$ 413,951	\$ 97,877	\$ 191,683	\$ 910,330
Fringe Benefits and Payroll Taxes	42,395	110,161	19,265	41,515	213,336
Event Expense	60	33	47,199	143	47,435
Advertising/PSA	874	-	687	-	1,561
Computer and Copier Maintenance	33,954	40,661	15,922	17,849	108,386
Contract Services	47,441	299,073	68,631	21,592	436,737
Dues and Subscriptions	1,433	4,438	951	1,460	8,282
Insurance	46,717	12,579	8,557	1,024	68,877
Laboratory Fees	-	82,806	-	-	82,806
Occupancy	14,727	22,628	5,872	22,436	65,663
Operating	-	631	-	981	1,612
Printing and Postage	4,267	7,704	640	901	13,512
Professional Services	45,782	79,513	7,477	22,487	155,259
Repairs and Maintenance (Non-Movable)	3,310	-	59	2	3,371
Research and Study	-	50,279	-	-	50,279
Seminars and Conferences	742	1,014	828	1,880	4,464
Supplies and Equipment	29,323	50,719	4,973	11,459	96,474
Taxes and Licenses	630	343	89	3,661	4,723
Telephone and Internet	6,446	12,855	2,415	4,202	25,918
Travel	5,040	16,819	2,572	3,907	28,338
Vehicle and Boat Maintenance	1,847	24,002	291	10	26,150
Total Expenses Before Depreciation and In-Kind Donations	491,807	1,230,209	284,305	347,192	2,353,513
Depreciation	59,206	26,899	2,312	22	88,439
In-Kind Donations	83,305	132,535	13,679	36,152	265,671
Total Expenses	\$ 634,318	\$ 1,389,643	\$ 300,296	\$ 383,366	\$ 2,707,623

The accompanying notes are an integral part of these consolidated financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	\$ (166,605)	\$ (366,971)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation and Amortization	82,669	88,439
Gain on Sales of Investments	(2,332)	(2,812)
Unrealized Loss (Gain) on Investments	14,418	(9,582)
(Increase) Decrease in:		
Pledges Receivable	-	18,689
Other Receivables	1,537	293,560
Prepaid Expense	(187)	463
Grant Receivables	(59,089)	(108,092)
Inventory	(6,515)	(1,604)
Increase (Decrease) in:		
Accounts Payable	61,500	(8,729)
Accrued Liabilities	21,900	28,391
Net Cash Used in Operating Activities	(52,704)	(68,248)
Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	(47,181)
Reinvestment of Interest and Dividends	(2,639)	(2,072)
Net Cash Used in Investing Activities	(2,639)	(49,253)
Cash Flows from Financing Activities		
Net Activity on Line of Credit	152,150	-
Payment on Note Payable	(3,363)	(2,976)
Net Cash Provided by (Used in) Financing Activities	148,787	(2,976)
Net Increase (Decrease) in Cash and Cash Equivalents	93,444	(120,477)
Cash and Cash Equivalents, Beginning of Year	1,144,864	1,265,341
Cash and Cash Equivalents, End of Year	\$ 1,238,308	\$ 1,144,864
Reconciliation of Cash and Cash Equivalents		
Cash and Cash Equivalents	\$ 331,262	\$ 238,113
Cash Restricted for Program Expenditures	907,046	906,751
	\$ 1,238,308	\$ 1,144,864
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 11,113	\$ 685

The accompanying notes are an integral part of these consolidated financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 1. Nature of Organization

Nature of Organization

Lake Pontchartrain Basin Foundation (the Foundation) is a non-profit, publicly supported organization. It was established and incorporated September 19, 1989 by Act 716 of the 1989 Louisiana Legislature for the purpose of the restoration and preservation of the environmental and ecological balance of the Lake Pontchartrain Basin.

On January 20, 1998, Save Our Lake Endowment (the Endowment) was established to operate as a 501(c)(3) organization whose mission is to financially support the Lake Pontchartrain Basin Foundation and its continuing efforts to restore and maintain Lake Pontchartrain.

The Foundation and the Endowment are collectively referred to as the Entity.

The Foundation operates the following programs:

Community Outreach

The Foundation has established goals of attaining improved water quality standards of Lake Pontchartrain and its major tributaries, and the protection and restoration of the Lake Pontchartrain Basin's natural resources including its coast. The Foundation assists and coordinates efforts with Federal, state, and local agencies to clean up and restore the Lake Pontchartrain Basin.

Scientific Programs

The Foundation also undertakes programs and funds research in areas such as municipal runoff, sewage systems, industrial discharge, agricultural discharge, saltwater intrusion, erosion, and habitat restoration.

Fundraising

Fundraising consists of events, memberships, and the Lighthouse which provides for operations and the mission of the Foundation.

Management and General

Management and general consist of oversight, general and financial operations, and technology maintenance for the Foundation.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and liabilities.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Entity reports information regarding financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, based on donor stipulations and restrictions placed on contributions, if any. Accordingly, net assets of the Entity and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor-imposed restrictions.

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 other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and Endowment. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, the Entity considers all highly liquid investments available for current use with an initial maturity of one year or less to be cash equivalents.

Investments

Investments in mutual funds with readily determinable fair values are measured at fair value and investments in pooled investment accounts are measured at net asset value by the custodian in the consolidated statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless the income is restricted by the donor or law.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management monitors outstanding balances and writes off all balances deemed uncollectible. Management believes all outstanding balances as of December 31, 2018 to be fully collectible.

Inventories

Inventories consist of goods for sale at the Lighthouse gift shop and are stated at the weighted-average method.

Other Receivables

The Foundation provides for estimated uncollectible receivables on a specific account basis as determined by management. Management believes all outstanding balances are fully collectible.

Property and Equipment

Property and equipment are recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures, improvements, renewals, and betterments of \$500 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Estimated useful lives of property and equipment range from 3 to 40 years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any resulting gain or loss is recorded in the change in net assets.

Grants, Contributions and Other Revenue

Grants and contributions are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor restricted and grant contributions, whose restrictions are met in the same reporting periods, are reported as net assets without donor restrictions.

Other sources of revenue include contracts, settlements, sales of merchandise, and fund-raising events. Revenue is recognized when earned.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification, and then allocation if an expenditure benefits more than one program or function. The expenses that are allocated include salaries, employee benefits, and payroll taxes which are allocated based on hours worked on each identified program or grant. Depreciation, maintenance, supplies, legal and professional fees, printing and publications, and other expenses which are allocated on the basis of staff head count. Insurance and occupancy are allocated based on square footage.

Compensated Absences

The Foundation currently employs a compensated absences policy to which employees earn an escalating number of paid compensation hours each year based on the length of service provided to the Foundation. Employees may carry over and accumulate annual leave time up to a maximum of 120 hours without forfeiture.

As of December 31, 2018 and 2017, employees of the Foundation had accumulated \$29,540 and \$28,899, respectively, of employee leave benefits. These amounts are included on the consolidated statement of financial position in accrued liabilities.

Advertising Expenses

The Foundation expenses advertising costs as incurred. Advertising expense was \$45,346 and \$1,561 for the years ended December 31, 2018 and 2017, respectively.

Reclassifications

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format.

Adoption of ASU 2016-14

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Entity implemented ASU 2016-14, and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented which resulted in no reclassification of net assets.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective, and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Entity is currently evaluating the effect that the standard will have on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Foundation is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

Note 3. Cash Restricted for Program and Capital Expenditures

In accordance with Environmental Protection Agency grant agreements, the Foundation is required to maintain separate checking accounts for which the use is restricted to the purpose of the grant. The Foundation has also restricted funds to be used to fund the Lighthouse renovation and construction project (the Lighthouse Project). As of December 31, 2018 and 2017, \$14,378 and \$23,727, respectively, was restricted for the Lighthouse Project and \$892,668 and \$883,024, respectively, was restricted for program expenditures.

Note 4. Concentration of Credit Risk

The Entity maintains cash accounts at several local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000 as of December 31, 2018 and 2017. In addition, the Foundation has cash equivalent accounts with a brokerage firm. The Securities Investor Protection Corporation insures these accounts up to \$250,000. At December 31, 2018 and 2017, the Entity had \$595,272 and \$494,574, respectively, in excess of the FDIC insured limit.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 4. Concentration of Credit Risk (Continued)

The Entity has not experienced any losses, and does not believe that significant credit risk exists as a result of this practice.

Note 5. Investments

The Foundation's investments as of December 31, are summarized below:

	2018	2017
Mutual Funds	\$ 139,252	\$ 147,153
Pooled Investment Accounts	22,854	24,237
Total	\$ 162,106	\$ 171,390

Note 6. Assets Measured at Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under FASB Accounting Standards Codification (ASC) 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Entity has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 6. Assets Measured at Fair Value (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Pooled Investments: The fair value is determined by use of the calculated net asset value per ownership share.

Assets measured at fair value on a recurring basis as of December 31 are comprised of and determined as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 139,252	\$ -	\$ -	\$ 139,252
Pooled Investment Accounts (1)	-	-	-	22,854
Total	\$ 139,252	\$ -	\$ -	\$ 162,106

December 31, 2017	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 147,153	\$ -	\$ -	\$ 147,153
Pooled Investment Accounts (1)	-	-	-	24,237
Total	\$ 147,153	\$ -	\$ -	\$ 171,390

(1) Certain investments measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 6. Assets Measured at Fair Value (Continued)

The Entity's investments at December 31 that feature net asset value per share are as follows:

2018	Number of Funds	Fair Value Calculated Using NAV	Unfunded Commitments	Redemption Terms	Restrictions and Terms in Place at Year End
Greater New Orleans Foundation Investment Pool Fund	1	\$ 10,593	N/A	Request may be made anytime.	N/A
Northshore Community Foundation Investment Pool Fund	1	<u>12,261</u>	N/A	Request may be made anytime.	N/A
		<u>\$ 22,854</u>			
2017	Number of Funds	Fair Value Calculated Using NAV	Unfunded Commitments	Redemption Terms	Restrictions and Terms in Place at Year End
Greater New Orleans Foundation Investment Pool Fund	1	\$ 11,526	N/A	Request may be made anytime.	N/A
Northshore Community Foundation Investment Pool Fund	1	<u>12,711</u>	N/A	Request may be made anytime.	N/A
		<u>\$ 24,237</u>			

According to the Greater New Orleans Foundation (GNOF), the Investment Pool includes investments in a well-diversified asset mix, which includes equity and fixed income securities as well as private equity and investments in hedge funds which primarily invest in commodities. While management may request redemption of these investments at any time, the redemption amount is first subject to GNOF's distribution policies for endowed funds. Any exception to this policy must be approved by GNOF's board which usually is conservative in releasing funds above the amount that is annually distributed.

According to the Northshore Community Foundation (NCF), the Investment Pool includes investments in a well-diversified asset mix, which includes equity and fixed income securities as well as cash and alternative investments.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 7. Property and Equipment

Property and equipment as of December 31 are as follows:

	2018	2017
Land	\$ 6,000	\$ 6,000
Lighthouse Building	1,083,303	1,088,038
Boat and Other Program Equipment	316,090	319,867
Leasehold Improvements	213,207	213,207
Computer Equipment	55,982	52,204
Furniture and Fixtures	13,663	8,928
	<u>1,688,245</u>	<u>1,688,244</u>
Less: Accumulated Depreciation	<u>(617,165)</u>	<u>(534,332)</u>
Net Property and Equipment	<u>\$ 1,071,080</u>	<u>1,153,912</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$82,669 and \$88,439, respectively.

Note 8. Endowment Funds

The Foundation's endowments consist of the donor-restricted Greater New Orleans Foundation Endowment Fund and The Save Our Lake Endowment Fund created by the Foundation, collectively known as the Endowment Funds. The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, we retain in perpetuity:

- The original value of gifts donated to the endowment,
- The original value of subsequent gifts to the endowment, and
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 8. Endowment Funds (Continued)

The remaining portion of the donor-restricted endowment fund not retained in perpetuity are appropriated for the expenditure by the Endowment Funds in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Endowment Funds considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- Other resources of the Foundation
- The investment policies of the Endowment

GNOF Endowment Fund

GNOF Endowment Fund is maintained and managed by the GNOF within their investment pool. The fund is invested by GNOF with an attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. Annual distributions of income from the GNOF Endowment Fund, as determined by the Board of Trustees of GNOF, are provided to the Foundation.

For the years ended December 31, 2018 and 2017, the GNOF Endowment Fund investment loss, net totaled \$504 and \$1,500, respectively. For the years ended December 31, 2018 and 2017, the GNOF Endowment Fund appropriations totaled \$429 and \$915, respectively.

The Save Our Lake Endowment Fund

The Save Our Lake (SOL) Endowment Fund was established primarily for the purpose of maintaining the operations of the Foundation and consists of donor-restricted funds.

Return Objectives and Risk Parameters. The SOL Endowment Fund is invested with the intention of obtaining general market returns with a minimum amount of investment and management expenses.

Strategies Employed for Achieving Objectives. The investment funds are invested in a savings account as of December 31, 2018 and 2017 to minimize risk. In 2019, the SOL Endowment Fund Committee will address investment policy and options to invest with the intention of obtaining general market returns with a minimum amount of investment and management expenses.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 8. Endowment Fund (Continued)

Spending Policy and How Investment Objectives Relate to the Spending Policy. Contributions to the SOL Endowment Fund were received from various donors who stipulated that the corpus be maintained in perpetuity and the income from the SOL Endowment Fund be used for the restoration and preservation of the environmental and ecological balance of Lake Pontchartrain.

For the years ended December 31, 2018 and 2017, the SOL Endowment Fund investment return totaled \$126.

The composition of endowment net assets for the years ended December 31, 2018 and 2017 are as follows:

2018	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds			
SOL Endowment Fund	\$ -	\$ 125,776	\$ 125,776
GNOF Endowment Fund	-	10,593	10,593
Total Donor-Restricted Endowment Funds	\$ -	\$ 136,369	\$ 136,369

2017	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds			
SOL Endowment Fund	\$ -	\$ 125,650	\$ 125,650
GNOF Endowment Fund	-	11,526	11,526
Total Donor-Restricted Endowment Funds	\$ -	\$ 137,176	\$ 137,176

A summary of changes in the Foundation's endowment net assets for the year end December 31, 2018, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, January 1, 2018	\$ -	\$ 137,176	\$ 137,176
Contributions	-	-	-
Investment Loss, Net	-	(378)	(378)
Amount Appropriated for Expenditure	-	(429)	(429)
Net Assets, December 31, 2018	\$ -	\$ 136,369	\$ 136,369

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 8. Endowment Fund (Continued)

A summary of changes in the Foundation's endowment net assets for the year end December 31, 2017, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, January 1, 2017	\$ -	\$ 136,465	\$ 136,465
Contributions	-	-	-
Investment Return, Net	-	1,626	1,626
Amount Appropriated for Expenditure	-	(915)	(915)
Net Assets, December 31, 2017	\$ -	\$ 137,176	\$ 137,176

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA required the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations. There were no such deficiencies as of December 31, 2018 and 2017.

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	2018	2017
Subject to Expenditure for Specified Purpose		
Coastal Sustainability	\$ 710,328	\$ 759,753
Outreach and Education	65,993	51,009
Water Quality	47,226	48,581
New Canal Lighthouse Museum	44,039	47,910
Public Access	10,532	12,891
Advocacy	28,774	-
Habitat	-	2,307
	906,892	922,451
Endowments Funds		
Original Gifts Restricted in Perpetuity	97,210	97,210
Accumulated Income Available for Appropriation	39,159	39,966
Total	\$ 1,043,261	\$ 1,059,627

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 10. Retirement Plan

The Foundation sponsors a 401(k)-plan covering all employees who have completed a minimum of one year of service. Eligible plan participants may contribute to the plan, and the Foundation may make matching contributions on behalf of participants of up to 5% of employee contributions. The Foundation's contributions to the plan totaled \$22,396 and \$12,092 for the years ended December 31, 2018 and 2017, respectively.

Note 11. Operating Leases

The Foundation leases office space from the University of New Orleans Research and Technology Foundation, Inc. The lease term commenced on June 1, 2013 and expired on May 31, 2016. The lease was extended for an additional three-year period to May 31, 2019 with monthly lease payments of \$4,612. In August 2018, the lease was amended to increase the monthly lease payments to \$4,822, expiring May 31, 2019. The lease was renewed on June 1, 2019 for an additional year to May 31, 2020 with monthly lease payments of \$4,914.

In February 2012, the Foundation entered into an agreement to lease land for the Lighthouse Project. The agreement is for a primary term of five years with eleven additional five-year options to renew, with a maximum term of up to 60 years which may be extended by mutual agreement. The rent for the initial five-year term is \$500, and was paid in February 2012. The lease was renewed during 2016, and extended until 2021. The lease amount shall be increased by 15% for each five-year extension of the lease should the option be exercised.

In June 2015, the Foundation entered into an agreement to lease land for the Pontchartrain Beach. The agreement was for one year, with ten additional three-year options to renew, with a maximum term of up to 31 years which may be extended by mutual agreement. The rent for the three-year terms is \$300. The rent for the initial year was \$300, and was paid in June 2015. The lease was renewed during 2016 through June 2019 for an additional \$300.

In October 2018, the Foundation entered into an agreement to lease office equipment. The lease term expires in September 2023, and has monthly payments of \$99.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 11. Operating Leases (Continued)

Future minimum lease payments due are as follows:

Years Ending December 31,	Amount
2019	\$ 60,569
2020	26,332
2021	1,763
2022	1,763
2023	990
Total	\$ 91,417

Rent expense for the years ended December 31, 2018 and 2017 totaled \$57,166 and \$56,293, respectively.

Note 12. Line of Credit

On March 14, 2018, the Foundation entered into a line of credit agreement with a financial institution to provide working capital. The line of credit matures on March 13, 2019, and provides for borrowings up to \$250,000 with a variable interest rate at the lender's prime rate. Collateral is all deposit accounts held by the Entity at this financial institution. The line of credit was renewed in February 2019 with the maturity date extended to March 11, 2020, and variable interest rate updated to lender's prime rate less .75%.

At December 31, 2018, the outstanding balance was \$152,150. The interest rate was 7.5%

Note 13. Note Payable

The Foundation has a note payable to a local financial institution secured by a vehicle. The note is dated July 28, 2016, and matures July 28, 2022. The note is payable in equal monthly installments of \$305, including interest at 3.99%. The outstanding balance of the note as of December 31, 2018 and 2017 was \$11,931 and \$15,294, respectively.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 13. Note Payable (Continued)

The future payments on the note payable as of December 31, 2018 are summarized as follows:

Years Ending December 31,	Amount
2019	\$ 3,234
2020	3,365
2021	3,502
2022	1,830
Total	\$ 11,931

Note 14. In-Kind Donations

The Foundation records the value of in-kind donations when the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which would typically need to be purchased if not provided by donation.

The fair value of in-kind donations and donated land and equipment for the years ended December 31, are as follows:

	2018	2017
Donated Services	\$ 131,665	\$ 141,422
Donated Goods	152,878	115,811
Use of Land	-	8,438
Total	\$ 284,543	\$ 265,671

Note 15. Risks and Uncertainties

Investments in various securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Entity.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.**

Notes to Consolidated Financial Statements

Note 16. Liquidity and Availability

The Entity's primary sources of support are grants and contributions. A portion of that support is required to be used in accordance with the purpose restrictions imposed by the donors. Donor-restricted support has historically funded approximately 42% of annual program and supporting activities, with the remainder funded by support without donor restrictions and fundraising events that are held for the purpose of supporting the Entity. As described in Note 14, the Entity records in-kind donations that historically fund approximately 10% of annual program and supporting activities. The Entity's objective is to maintain liquid financial assets without donor restrictions sufficient to cover twelve months of program expenditures.

To manage liquidity, the Entity maintains a line of credit of \$250,000 with a financial institution that is drawn upon as needed to manage cash flow. See Note 12 for further description of this line.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 205,486
Grants Receivable	347,215
Other Receivables	11,771
Operating Investments	<u>128,220</u>
Total	<u>\$ 692,692</u>

Note 17. Subsequent Events

Subsequent to year end, the Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 9, 2019. No other subsequent events occurring after June 9, 2019 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Consolidating Statement of Financial Position
For the Year Ended December 31, 2018**

Schedule I

	Lake Pontchartrain			
	Basin Foundation	Save Our Lake Endowment	Eliminations	Consolidated
Current Assets				
Cash and Cash Equivalents	\$ 205,486	\$ 125,776	\$ -	\$ 331,262
Cash Restricted for Programs Expenditures	907,046	-	-	907,046
Grants Receivable	347,215	-	-	347,215
Inventory	19,353	-	-	19,353
Prepaid Expenses	1,016	-	-	1,016
Other Receivables	11,771	-	-	11,771
Investments	162,106	-	-	162,106
Other Current Assets	4,048	-	-	4,048
Total Current Assets	1,658,041	125,776	-	1,783,817
Property and Equipment, Net	1,071,080	-	-	1,071,080
Controlling Interest in Save Our Lake Endowment	125,776	-	(125,776)	-
Total Assets	\$ 2,854,897	\$ 125,776	\$ (125,776)	\$ 2,854,897
Current Liabilities				
Accounts Payable	\$ 138,152	\$ -	\$ -	\$ 138,152
Accrued Liabilities	125,151	-	-	125,151
Line of Credit	152,150	-	-	152,150
Current Portion of Note Payable	3,234	-	-	3,234
Total Current Liabilities	418,687	-	-	418,687
Note Payable, Less Current Portion	8,697	-	-	8,697
Total Liabilities	427,384	-	-	427,384
Net Assets				
Without Donor Restrictions	1,384,252	-	-	1,384,252
With Donor Restrictions	1,043,261	125,776	(125,776)	1,043,261
Total Net Assets	2,427,513	125,776	(125,776)	2,427,513
Total Liabilities and Net Assets	\$ 2,854,897	\$ 125,776	\$ (125,776)	\$ 2,854,897

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Consolidating Statement of Financial Position
For the Year Ended December 31, 2017**

Schedule I

	Lake Pontchartrain Basin		Save Our Lake Endowment	Eliminations	Consolidated
	Foundation	Endowment			
Current Assets					
Cash and Cash Equivalents	\$ 112,463	\$ 125,650	\$ -		\$ 238,113
Cash Restricted for Programs Expenditures	906,751	-	-		906,751
Grants Receivable	288,126	-	-		288,126
Inventory	12,838	-	-		12,838
Prepaid Expenses	829	-	-		829
Other Receivables	13,308	-	-		13,308
Investments	171,390	-	-		171,390
Other Current Asset	4,048	-	-		4,048
Total Current Assets	1,509,753	125,650	-		1,635,403
Property and Equipment, Net	1,153,912	-	-		1,153,912
Controlling Interest in Save Our Lake Endowment	125,650	-	(125,650)		-
Total Assets	\$ 2,789,315	\$ 125,650	\$ (125,650)		\$ 2,789,315
Current Liabilities					
Accounts Payable	\$ 76,652	\$ -	\$ -		\$ 76,652
Accrued Liabilities	103,251	-	-		103,251
Current Portion of Note Payable	3,108	-	-		3,108
Total Current Liabilities	183,011	-	-		183,011
Note Payable, Less Current Portion	12,186	-	-		12,186
Total Liabilities	195,197	-	-		195,197
Net Assets					
Without Donor Restrictions	1,534,491	-	-		1,534,491
With Donor Restrictions	1,059,627	125,650	(125,650)		1,059,627
Total Net Assets	2,594,118	125,650	(125,650)		2,594,118
Total Liabilities and Net Assets	\$ 2,789,315	\$ 125,650	\$ (125,650)		\$ 2,789,315

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Consolidating Statement of Activities
For the Year Ended December 31, 2018**

Schedule II

	Lake Pontchartrain Basin Foundation	Save Our Lake Endowment	Eliminations	Consolidated
Without Donor Restrictions				
Revenues, Gains, Losses, and Other Support				
Contracts - Federal	\$ 107,062	\$ -	\$ -	\$ 107,062
Grants - Federal	674,008	-	-	674,008
Grants - Non-Federal	313,209	-	-	313,209
Contributions	102,657	-	-	102,657
Fundraising				
Events	47,712	-	-	47,712
Membership Dues	10,836	-	-	10,836
Lighthouse				
Museum Admissions, Net	44,107	-	-	44,107
Donations	4,875	-	-	4,875
Facility Rental	12,830	-	-	12,830
Museum Shop (Net of Direct Merchandise Expense of \$11,982)	3,382	-	-	3,382
Other Income				
Pontchartrain Beach Rental	11,675	-	-	11,675
Investment Loss	(3,975)	-	-	(3,975)
Miscellaneous Income	10,732	-	-	10,732
Total Revenues, Gains, Losses, and Other Support Before Donated Goods and Services	1,339,110	-	-	1,339,110
Net Assets Released from Restrictions				
Satisfaction of Purpose Restrictions	1,172,195	-	-	1,172,195
Donated Goods and Services				
Donated Goods	152,878	-	-	152,878
Donated Services	131,665	-	-	131,665
Total Donated Goods and Services	284,543	-	-	284,543
Total Revenues, Gains, Losses, and Other Support	2,795,848	-	-	2,795,848

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Consolidating Statement of Activities (Continued)
For the Year Ended December 31, 2018**

Schedule II

	Lake Pontchartrain Basin Foundation	Save Our Lake Endowment	Eliminations	Consolidated
Expenses				
Program Expenses				
Community Outreach	700,451	-	-	700,451
Scientific Programs	1,579,822	-	-	1,579,822
Supporting Services				
Fundraising	260,513	-	-	260,513
Management and General	405,301	-	-	405,301
Total Expenses	2,946,087	-	-	2,946,087
Change in Net Assets Without Donor Restrictions	(150,239)	-	-	(150,239)
With Donor Restrictions				
Revenues and Other Support				
Grants- Federal	27,500	-	-	27,500
Grants - Non-Federal	1,062,246	-	-	1,062,246
Contributions	61,183	-	-	61,183
Investment Income	2,330	126	(126)	2,330
Miscellaneous Income	2,570	-	-	2,570
Total Revenues and Other Support	1,155,829	126	(126)	1,155,829
Net Assets Released from Restriction	(1,172,195)	-	-	(1,172,195)
Change in Net Assets With Donor Restrictions	(16,366)	126	(126)	(16,366)
Change in Net Assets	(166,605)	126	(126)	(166,605)
Net Assets, Beginning of Year	2,594,118	125,650	(125,650)	2,594,118
Net Assets, End of Year	\$ 2,427,513	\$ 125,776	\$ (125,776)	\$ 2,427,513

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Consolidating Statement of Activities
For the Year Ended December 31, 2017**

Schedule II

	Lake Pontchartrain Basin Foundation	Save Our Lake Endowment	Eliminations	Consolidated
Without Donor Restrictions				
Revenues, Gains, Losses, and Other Support				
Contracts - Federal	\$ 9,579	\$ -	\$ -	\$ 9,579
Contracts - Local Government	793	-	-	793
Grants - Federal	716,502	-	-	716,502
Grants - Non-Federal	64,468	-	-	64,468
Contributions	50,672	-	-	50,672
Fundraising				
Events	89,494	-	-	89,494
Membership Dues	30,020	-	-	30,020
Lighthouse				
Museum Admissions, Net	35,170	-	-	35,170
Donations	2,268	-	-	2,268
Facility Rental	10,495	-	-	10,495
Museum Shop (Net of Direct Merchandise Expense of \$8,012)	6,560	-	-	6,560
Other Income				
Pontchartrain Beach Rental	35,657	-	-	35,657
Investment Income	12,475	-	-	12,475
Miscellaneous Income	11,192	-	-	11,192
Total Revenues, Gains, Losses, and Other Support Before Donated Goods and Services	1,075,345	-	-	1,075,345
Net Assets Released from Restrictions				
Satisfaction of Purpose Restrictions	1,046,216	-	-	1,046,216
Donated Goods and Services				
Donated Goods	124,249	-	-	124,249
Donated Services	141,422	-	-	141,422
Total Donated Goods and Services	265,671	-	-	265,671
Total Revenues, Gains, Losses, and Other Support	2,387,232	-	-	2,387,232

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Consolidating Statement of Activities (Continued)
For the Year Ended December 31, 2017**

Schedule II

	Lake Pontchartrain Basin Foundation	Save Our Lake Endowment	Eliminations	Consolidated
Expenses				
Program Expenses				
Community Outreach	634,318	-	-	634,318
Scientific Programs	1,389,643	-	-	1,389,643
Supporting Services				
Fundraising	300,296	-	-	300,296
Management and General	383,366	-	-	383,366
Total Expenses	2,707,623	-	-	2,707,623
Change in Net Assets Without Donor Restrictions	(320,391)	-	-	(320,391)
With Donor Restrictions				
Revenues and Other Support				
Contracts - Federal	65,251	-	-	65,251
Contracts - Local Government	67,374	-	-	67,374
Grants - Non-Federal	730,028	-	-	730,028
Settlement	50,000	-	-	50,000
Contributions	80,671	-	-	80,671
Investment Income	6,312	126	(126)	6,312
Total Revenues and Other Support	999,636	126	(126)	999,636
Net Assets Released from Restriction	(1,046,216)	-	-	(1,046,216)
Change in Net Assets With Donor Restrictions	(46,580)	126	(126)	(46,580)
Change in Net Assets	(366,971)	126	(126)	(366,971)
Net Assets, Beginning of Year	2,961,089	125,524	(125,524)	2,961,089
Net Assets, End of Year	\$ 2,594,118	\$ 125,650	\$ (125,650)	\$ 2,594,118

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors
Lake Pontchartrain Basin Foundation
and Save Our Lake Endowment, Inc.
New Orleans, Louisiana

We have audited, in accordance with the 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, the financial statements of Lake Pontchartrain Basin Foundation and Save Our Lake Endowment, Inc., collectively, the Entity, which comprise the consolidated statement of financial position as of December 31, 2018, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Entity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 entity's consolidated 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 first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity's consolidated financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Directors, others within the Entity, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA
June 9, 2019

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Schedule of Findings and Responses
For the Year Ended December 31, 2018**

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified? | None Reported |
| c. Noncompliance material to the financial statements noted? | None |

Federal Awards - Not applicable

Part II - Financial Statement Findings

None noted.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2018**

None noted.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
AND SAVE OUR LAKE ENDOWMENT, INC.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2018**

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head

Kristi Trail, Executive Director

Purpose	Amount
Salary	\$13,886
Benefits - Insurance	\$1,067
Benefits - Retirement	\$694

AGREED-UPON PROCEDURES REPORT
Lake Pontchartrain Basin Foundation

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2018 - December 31, 2018

Board of Directors
Lake Pontchartrain Basin Foundation
2045 Lakeshore Drive, Suite 339
New Orleans, Louisiana 70112

We have performed the procedures enumerated below, which were agreed to by Lake Pontchartrain Basin Foundation (LPBF) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. LPBF's management is responsible for those C/C areas identified in the SAUPs.

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.

The procedures and associated results for LPBF are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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- e) **Payroll/Personnel**, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: No exceptions noted for procedures 1c,1d,1e,1f, or 1g. 1i is determined to be not applicable to LPBF. LPBF does not have written policies covering budgeting, travel and expense reimbursements, or debt service, which is considered to be an exception to procedures 1a, 1h, and 1j, respectively. LPBF does not have a written policy covering how vendors are added to the vendor list, which is considered to be an exception to procedure 1b.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: Exceptions to 3a, 3b, and 3c noted. None of the five bank reconciliations selected were prepared within two months of statement closing date which is an exception to 3a. None of the five bank reconciliations selected included evidence of review which is an exception to 3b. The main operating account had outstanding items dating back to May 10, 2014 for which there was no documentation reflecting that management researched these items, which is an exception to 3c.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted for procedures 4, 5, 6, 7a, 7b, 7c, or 7e. Receipt of cash is not documented; therefore, it is not possible to determine how long before it was deposited. It is the policy of LPBF to deposit within 5 days of receipt. These factors are considered to be an exception to procedure 7d.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
- Observe that the disbursement matched the related original invoice/billing statement.
 - Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted for procedures 8, 9a, 9d, or 10a. 9 out of the 25 transactions selected did not have evidence of approval, which is considered to be an exception to procedures 9b and 10b. An employee who is responsible for processing payments can also add and modify vendor files, which is considered to be an exception to procedure 9c.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select five cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #8 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions noted for procedures 11 or 12b. There was no evidence of review and approval by someone other than the authorized cardholder for two of the five monthly statements selected, which is considered to be an exception to procedure 12a. There was no receipt or other support for three out of the 63 transactions tested which is considered to be an exception to procedure 13.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted for procedures 14a, 14b, or 14c. For the two out of five reimbursements selected, there was no evidence of review and approval by someone other than the person receiving reimbursement. This is considered an exception to procedure 14d.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted. LPBF is not subject to Louisiana Public Bid Law.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions noted.

Other

20. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
21. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted. LPBF reported no misappropriations of public funds or assets.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
June 9, 2019



AGREED-UPON PROCEDURES REPORT

Lake Pontchartrain Basin Foundation

OFFICERS

John Kinabrew
Chair

Jean Champagne
Vice Chair

Patricia Meadowcroft
Secretary

Richard Blum
Treasurer

DIRECTORS

Michael Bagot
Carl Britt
Benjamin Caplan
Amy Cohen
Frank Cole
Justin Gremillion
Marcia St. Martin
Zoila Osteicoechea
David Waggonner

Kristi Trail
Executive Director

Management Responses to the 2018 Statewide Agreed Upon Report and
Recommendations

For the Period of January 1, 2018 – December 31, 2018

- **Written Policies and Procedures**

Exception Noted

LPBF does not have written policies covering budgeting, travel, and expense reimbursements, or debt service. LPBF does not have a written policy covering how vendors are added to the vendor list.

Management's Response

LPBF does have a documented narrative and flow chart that covers the processes and procedures for Purchasing and Accounts Payable. Travel reimbursements, expense reimbursements, and how vendors are added, are referenced in the Purchasing and Accounts Payable narrative and flow chart. These policies and procedures documented in the narrative and flow chart are enforced by the Executive Director and Finance Director and adhered to by staff and contractors.

LPBF does follow a process for developing, reviewing, and approving budgets for grants, restricted contributions, and annual board approved budget. This process is enforced by the Executive Director, Finance Director, and Treasurer and adhered to by the Executive Committee, Finance Committee, Board of Directors, and Department Heads.

In addition, LPBF has a documented Quality Management Plan (QMP) required by the U.S. Environmental Protection Agency (EPA) for our many federal grants. The QMP includes Quality Assurance Policies, Procedures, and Management Systems. The QMP is reviewed, edited, and submitted by the Executive Director, Finance Director, Water Quality Director, and Assistant Coastal Director on an annual basis. Upon submission, the U.S. Environmental Protection Agency (EPA) reviews and approves LPBF's QMP.

The goal of LPBF's QMP is to ensure that all work performed for funded grants, cooperative agreements, and contracts adhere to approved plans and are of the highest quality. The QMP documents processes and procedures for procurement of items and services, budgeting, documentation and records, planning, work processes, assessment and response, and quality improvement.

As part of LPBF's Accounting Software Conversion, LPBF will transition to the Expense/Credit Card Module. Each employee will log into the module, enter expenses, credit transactions, and upload receipts. Department Heads will log into the module and electronically approve for payment. In this module, invoices cannot be paid until approved. The Accounting Software will not allow checks to be processed without an electronic approval.

The Executive Director and Finance Director will work with the Finance Committee in drafting documented policies and procedures for purchasing, accounts payable, budgeting, travel, expense reimbursements, and debt service. These policies and procedures will become part of the organization's Standard Operating Procedures (SOP).

- **Bank Reconciliations**

Exception Noted

5 bank reconciliations selected did not include evidence of review. 5 bank reconciliations prepared were not within 2 months of statement closing date. The main operating account had outstanding items dating back to May 10, 2014 for which there was no documentation reflecting that management researched these items.

Management's Response

Management is not in agreement with this exception noted. Bank Reconciliations for the period of January 1, 2018 – September 30, 2018 were completed within 2 months of statement closing date. Bank Reconciliations from Oct 2018 – Dec 2018 did exceed the 2 month minimum time frame requirement due to a one-time Accounting Software Conversion that occurred in the 4th quarter of 2018. The delay was due to issues with implementation handled by the Accounting Software Company that were resolved by March 2019.

Although there was no documented electronic evidence of review for the 5 bank reconciliations selected, bank reconciliations are reviewed by the Executive Director when reviewing financial statements. The Executive Director has access to all bank statement and bank reconciliation documents on the Local Area Network (LAN). In the new Accounting Software, the Director of Finance has created an electronic note/alert within each bank account to prompt the Executive Director to review, approve, and respond with an electronic note/response when the review of that bank account's bank statement and bank reconciliation have been completed.

Management is aware and has researched outstanding checks. Because outstanding checks are unclaimed property, LPBF will contact vendors via letter making them aware that LPBF issued a payment and the check is still outstanding. LPBF will void and stop payment on the original check, then either re-issue a check directly to the vendor or turn the funds over to the state as unclaimed property. It should be noted that this amount of unclaimed property is approximately \$4,000, or ~0/1% of LPBF's annual budget.

- **Collections**

Exception Noted

Receipt of cash is not documented; therefore, it is not possible to determine how long before it was deposited. It is the policy of LPBF to deposit within 5 days of receipt.

Management's Response

Management is not in agreement with this exception noted. Receipt of cash is documented through LPBF's Point of Sale Register System (POS). Cash collected daily is \$100 or less. Cash collected daily is locked up in a combination lock fire proof safe. Cash collected is deposited at the end of the week within 5 days of receipt.

- **Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

Exception Noted

9 out of the 25 transactions selected did not have evidence of approval. An employee who is responsible for processing payments can also add and modify vendor files, which is considered to be an exception.

Management's Response

Management is not in agreement with this exception noted. Due to the small size of the organization, a purchasing department is not necessary or required. In addition, the Accounting Department is a department of two, the Director of Finance and the Staff Accountant. To mitigate accounting staff's ability to add and modify vendor files and process payments, the Executive Director and Department Heads review vendor files as checks are signed. As part of the Accounting Software Conversion, LPBF will transition to the Web-Based Vendor Portal Module. With this module, Department Heads will add and modify vendor files, not the Accounting Staff.

As part of the monthly close-out process, each Department Head e-mails the Accounting Staff and Executive Director vendor invoices for review, approval, and processing. In addition, vendors also occasionally mail hard copy invoices to LPBF. All invoices received by hard-copy mail are scanned by the Executive Assistant, then forwarded via e-mail to the appropriate Department Head, Executive Director, and Accounting Department for review, approval, and processing. The Executive Director and Department Heads also review non-payroll disbursements when checks are signed. All checks require two signatures. Although there was no documented electronic evidence of review for 9 out of 25 transactions selected, a review does occur. Also, as part of the Accounting Software Conversion, LPBF will transition to the Web-Based Vendor Portal Module and is currently utilizing the Accounts Payable Module. In utilizing both modules, Department Heads will submit invoices to be processed electronically and electronic approval is required before checks can be processed. The Accounting Software will not allow checks to be processed without an electronic approval.

- **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

Exception Noted

There was no evidence of review and approval by someone other than the authorized cardholder for 2 of the 5 monthly statements selected, which is considered to be an exception. There was no receipt or other support for 4 out of the 63 transactions tested which is considered to be an exception.

Management's Response

Management is not in agreement with this exception noted. Department Heads of all card holders are e-mailed monthly by the staff accountant, each credit card holder's statement for review. In addition, the card holder is required to e-mail his/her credit card statement, credit card log, and receipts to his/her department head and accounting staff each month. Although there was no documented electronic evidence of review for 2 out of 5 transactions selected, a review does occur. In addition, through this process, card holders notate and disclose detailed information on any lost or misplaced receipt. Lost or misplaced receipts are at a minimum of less than 1% of all credit card transactions incurred in fiscal year.

As part of LPBF's Accounting Software Conversion, LPBF will transition to the Expense/Credit Card Module. Each employee will log into the module, enter expenses, credit transactions, and upload receipts. Department Heads will log into the module and electronically approve for payment. In this module, invoices cannot be paid until approved. The Accounting Software will not allow checks to be processed without an electronic approval.

- **Travel and Travel Related Expense Reimbursements (excluding card transactions)**

Exception Noted

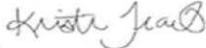
For the 2 out of 5 reimbursements selected, there was no evidence of review and approval by someone other than the person receiving reimbursement.

Management's Response

Management is not in agreement with this exception noted. As part of LPBF's monthly close-out process, each employee is required to e-mail his/her expense report log and receipts to his/her department head and accounting staff each month. In addition, the Executive Director and Department Heads review travel and travel related expense reimbursements when checks are signed. All checks require two signatures. Although there was no documented electronic evidence of review for 2 out of 5 transactions selected, a review does occur.

As part of LPBF's Accounting Software Conversion, LPBF will transition to the Expense/Credit Card Module. Each employee will log into the module, enter expenses, credit transactions, and upload receipts. Department Heads will log into the module and electronically approve for payment. In this module, invoices cannot be paid until approved.

Sincerely,

Kristi Trail, P.E., 
Executive Director