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ST. TAMMANY ECONOMIC
DEVELOPMENT FOUNDATION, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-1-04

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Tammany Economic Development Foundation, Inc.

I have audited the accompanying statement of financial position of St. Tammany Economic Development Foundation, Inc. ("the Foundation") as of June 30, 2004, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tammany Economic Development Foundation, Inc. as of June 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* I have also issued a report dated October 21, 2004, on our consideration of the St. Tammany Economic Development Foundation's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants.

November 2, 2004

Donna Marshall, CPA

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2004

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	125,001
Restricted cash		35,663
Total cash and cash equivalents		160,664
Restricted - Certificates of deposit		65,607
Contracts receivable		14,000
Prepaid expenses and other current assets		973
Total current assets		241,244

PROPERTY AND EQUIPMENT

Leasehold improvements		11,261
Office equipment		17,071
Furniture & fixtures		26,147
Software		2,500
		56,979
Less: Accumulated depreciation		(41,198)
Property and equipment, net		15,781
Total assets	\$	257,025

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued liabilities	\$	2,721
Accrued salaries		3,333
Current maturities of long-term debt		1,605
Total current liabilities		7,659

Long-term debt, less current maturities		2,141
Total liabilities		9,800

NET ASSETS

Unrestricted		141,048
Temporarily restricted		-
Permanently restricted		106,177
Total net assets		247,225
Total liabilities and net assets	\$	257,025

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and support:				
Intergovernmental revenue	\$111,683	\$31,580		\$143,263
Membership dues	45,400			45,400
Administrative fees	22,000			22,000
Grants	12,000			12,000
Other income	7,888			7,888
Investment income	560		1,004	1,564
Net assets released from restrictions	31,580	(31,580)		-
Total revenues and support	<u>231,111</u>	<u>-</u>	<u>1,004</u>	<u>232,115</u>
Expenditures:				
Program services:				
Support for economic development activities	33,380	-	-	33,380
Total program services	<u>33,380</u>	<u>-</u>	<u>-</u>	<u>33,380</u>
Supporting services:				
Salaries	80,792	-	-	80,792
Advertising	4,723	-	-	4,723
Contract labor	206	-	-	206
Demographic information	16,483	-	-	16,483
Depreciation	8,463	-	-	8,463
Dues and subscriptions	1,761	-	-	1,761
Employee benefits	15,389	-	-	15,389
Insurance	3,495	-	-	3,495
Interest expense	5	-	-	5
Job fair	280	-	-	280
Office rental	6,600	-	-	6,600
Office supplies and expenses	5,287	-	-	5,287
Other expenses	6,909	-	-	6,909
Personnel development	250	-	-	250
Postage	1,187	-	-	1,187
Professional fees	7,776	-	-	7,776
Property taxes	164	-	-	164
Repairs and maintenance	507	-	-	507
Telephone and utilities	9,166	-	-	9,166
Travel and entertainment	3,565	-	-	3,565
Total supporting services	<u>173,008</u>	<u>-</u>	<u>-</u>	<u>173,008</u>
Total expenditures	<u>206,388</u>	<u>-</u>	<u>-</u>	<u>206,388</u>
INCREASE IN NET ASSETS	<u>\$ 24,723</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 25,727</u>
NET ASSETS - BEGINNING OF YEAR	<u>116,325</u>	<u>-</u>	<u>105,173</u>	<u>221,498</u>
NET ASSETS - END OF YEAR	<u>\$ 141,048</u>	<u>\$ -</u>	<u>\$ 106,177</u>	<u>\$ 247,225</u>

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 25,727
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	8,463
Loss on disposal of fixed assets	1,444
Changes in assets and liabilities:	
Increase in amounts receivable	(14,000)
Decrease in other current assets	178
Decrease in accounts payable	(2,500)
Increase in other accrued expenses	12
Net cash provided by operating activities	<u>19,324</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net increase in certificates of deposit	<u>(672)</u>
Net cash used in investing activities	<u>(672)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	<u>(1,607)</u>
Net cash used in financing activities	<u>(1,607)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	17,045
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>143,619</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 160,664</u></u>

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of St. Tammany Economic Development Foundation, Inc. (“the Foundation”) is presented to assist in understanding the Foundation’s financial statements. The financial statements and notes are representations of the Foundation’s management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as applicable to non-profit organizations.

1. Business Activity

The purpose of the St. Tammany Economic Development Foundation, Inc. is to provide for the economic and industrial welfare of St. Tammany Parish. The Foundation’s members are made of business and governmental entities within St. Tammany Parish. The Foundation promotes industry through advertising, counseling, and demographic assistance.

2. Financial Statement Preparation

The Foundation adopted Statements of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations.” Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows.

The Foundation also adopted SFAS No. 116, “Accounting for Contributions Received and Contributions Received and Contributions Made,” whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions.

3. Basis of Accounting

The accompanying financial statements are accounted for by using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments consist of certificates of deposit which are recorded at fair market value in accordance with SFAS No. 124 “Accounting for Certain Investment held by Not-for-Profit Organizations.”

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is computed by using the straight-line method. Leasehold improvements are depreciated over a 5-year period and the remaining fixed assets are depreciated over a 3 to 10 – year period. Expenditures for major renewals and betterments to extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

6. Restriction on Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a) Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions. Unrestricted net assets are available for the various programs and administration of the Foundation.
- b) Temporarily restricted net assets consist of donor-restricted contributions. Amounts restricted by the donor, grantor or other outside parties for a particular purpose are recognized as revenue when received, and such amounts are reported as temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions
- c) Permanently restricted net assets are reported as follows;

The Foundation receives grants from the U.S. Department of Agriculture’s Rural Economic and Community Development Office. The proceeds of these grants are restricted for the purpose of making low-interest loans to St. Tammany Parish businesses. Collections of notes receivable and investment earnings are also restricted and can be loaned in future years. There were no outstanding loans as of June 30, 2004.

Net assets at June 30, 2003	\$105,173
Add: Interest income	<u>1,004</u>
Net assets at June 30, 2004	<u>\$106,177</u>

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Income Taxes

The Foundation is exempt from certain federal and state taxes under Section 501 (c)(6) of the Internal Revenue Code.

8. Use of Estimates

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

NOTE B – CONCENTRATIONS

At June 30, 2004, the Foundation had deposits at financial institutions in excess of insurance coverage provided by the Federal Deposit Insurance Corporation by \$100,600.

NOTE C – LEASE

The Foundation has entered into a lease for office space, which is classified as an operating lease. Lease expense for the year ended June 30, 2004 was \$3,300. The current lease will expire on December 1, 2004. The Foundation has the irrevocable option to renew this lease for five one (1) year periods covering the periods of December 1, 2004, to December 1, 2009.

NOTE D – CAPITAL LEASE PAYABLE

During the year ended June 30, 2003, the Foundation entered into agreement to purchase a copy of machine under a capital lease obligation. The capitalized cost and accumulated depreciation of this equipment at June 30, 2004 was as follows:

Equipment	\$6,288
Less: accumulated depreciation	<u>(1,887)</u>
	<u>\$4,401</u>

ST. TAMMANY ECONOMIC DEVELOPMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE D – CAPITAL LEASE PAYABLE (Continued)

The following is a schedule of future minimum lease payments as of June 30, 2004:

Year Ending <u>June 30,</u>	
2005	\$ 1,605
2006	1,605
2007	<u>536</u>
Total future minimum lease payments	\$ <u><u>3,746</u></u>

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

To the Board of Directors
St. Tammany Economic Development Foundation, Inc.

I have audited the financial statements of St. Tammany economic Development Foundation, Inc. as of and for the year ended June 30, 2004, and have issued my report thereon dated October 21, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether St. Tammany Economic Development Foundation, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered St. Tammany Economic Development Foundation, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not disclose all matters in the internal control over financial reporting that may be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control that I consider to be a material weakness.

This report is intended solely for the information of the U.S. Department of Agriculture Rural Economic and Community Development Office, the Louisiana Legislative Auditor, and management and is not intended to be and should not be used by other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 2, 2004

Donna Marshall, CPA