



South Louisiana Economic Council

Assumption • Lafourche • St. Mary • Terrebonne

**SOUTH LOUISIANA ECONOMIC COUNCIL INC.
Thibodaux, LA**

**Independent Accountant's Audit Report and
Financial Statements**

For the Year Ended December 31, 2020



(A Professional Corporation)
164 West Main Street, Thibodaux, LA 70301
South end of Canal Boulevard
(985) 447-8507 Fax (985) 447-4833
www.kearnscpa.com

**SOUTH LOUISIANA ECONOMIC COUNCIL INC.
Thibodaux, Louisiana**

**Independent Accountant’s Audit Report on Financial Statements
As of and for the year ended December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
South Louisiana Economic Council, Inc.
Thibodaux, Louisiana**

We have audited the accompanying financial statements of the South Louisiana Economic Council, Inc. (the Council), a nonprofit organization, which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Council as of December 31, 2020, and the results of its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying supplementary information *Schedule of compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer* on page 13, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 29, 2021, on our consideration of the Council'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 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 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 department's internal control over financial reporting and compliance.



Thibodaux, Louisiana

June 29, 2021

Financial Section

SOUTH LOUISIANA ECONOMIC COUNCIL INC.
Statement of Financial Position
December 31, 2020

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 486
Grant and contracts receivable	120,825
Investment in cooperative endeavor agreement	36,487
TOTAL CURRENT ASSETS	<u>157,798</u>

PROPERTY AND EQUIPMENT:

Furniture & equipment	131,155
Building improvements	18,112
Accumulated depreciation	(115,917)
TOTAL PROPERTY & EQUIPMENT	<u>33,350</u>

OTHER ASSETS:

Investment in cooperative endeavor agreement	236,823
TOTAL OTHER ASSETS	<u>236,823</u>

TOTAL ASSETS	<u><u>\$ 427,971</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Other accrued liabilities	\$ 6,843
Accounts payable	28,442
Line of credit	202,182
TOTAL CURRENT LIABILITIES	<u>237,467</u>

LONG TERM LIABILITIES:

PPP loan payable	\$ 91,008
TOTAL LONG TERM LIABILITIES	<u>91,008</u>

NET ASSETS:

Net assets without donor restrictions (deficit)	(294,747)
Net assets with donor restrictions	394,242
TOTAL NET ASSETS	<u>99,495</u>

TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 427,970</u></u>
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The accompanying notes are an integral part of these financial statements.

SOUTH LOUISIANA ECONOMIC COUNCIL INC.
Statement of Activities
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Governmental grants and local industry contracts	\$ -	\$ 474,045	\$ 474,045
Sponsorships	-		-
Donations	-		-
Interest income	20		20
Other income	2,819		2,819
Satisfaction of restrictions	438,674	(438,674)	-
	<u>441,513</u>	<u>35,371</u>	<u>476,884</u>
EXPENSES:			
Program services:			
Economic development programs	450,291		450,291
Support services:			
General and administrative	<u>109,432</u>		<u>109,432</u>
Total expenses	<u>559,723</u>		<u>559,723</u>
INCREASE (DECREASE) IN NET ASSETS	(118,210)	35,371	(82,839)
NET ASSETS, BEGINNING	<u>(176,537)</u>	<u>358,871</u>	<u>182,335</u>
NET ASSETS, END OF YEAR	<u>\$ (294,747)</u>	<u>\$ 394,242</u>	<u>\$ 99,495</u>

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

SOUTH LOUISIANA ECONOMIC COUNCIL INC.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>	
	Economic Development Programs	General and Administrative	Total Expenses
Automobile expenses	\$ 163	\$ -	\$ 163
Bank Charges	-	376	376
Depreciation Expense	7,922	-	7,922
Dues and subscriptions	6,125	-	6,125
Grant Expense	39,716	-	39,716
Insurance	12,590	12,990	25,580
Interest Expense	10,203	-	10,203
Lease	-	1,147	1,147
Meeting	1,776	-	1,776
Miscellaneous	-	1,971	1,971
Office Expenses	-	17,135	17,135
Payroll Taxes	9,108	2,059	11,167
Postage	167	-	167
Printing	472	-	472
Professional Fees	192,780	21,488	214,268
Salaries	107,760	52,266	160,026
Sponsorship	4,500	-	4,500
Telephone	2,121	-	2,121
Travel	18,401	-	18,401
Amortization of prepaid rent	36,487	-	36,487
TOTAL	<u>\$ 450,291</u>	<u>\$ 109,432</u>	<u>\$ 559,723</u>

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

SOUTH LOUISIANA ECONOMIC COUNCIL INC.
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities

Increase (decrease) in net assets	\$ (82,839)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	7,922
Changes in assets and liabilities:	
(Increase) decrease in grants and contracts receivable	(76,387)
(Increase) decrease in prepaid expenses	1,579
Increase (decrease) in accounts payable	(8,743)
Increase (decrease) in other accrued liabilities	6,364
	<hr/>
Net cash provided (used) by operating activities	(152,104)

Cash flows from investing activities

Investment in fixed assets	(1,922)
Investments in cooperative endeavor agreement	36,487
	<hr/>
Net cash provided (used) in investing activities	34,565

Cash flows from financing activities

Proceeds from PPP Loan	91,008
Principal paid on line of credit	(160)
	<hr/>
Net cash provided (used) in financing activities	90,848
	<hr/>
Net increase (decrease) in cash and cash equivalents	(26,691)

Cash and cash equivalents

Beginning of year:

B1 Bank - General	10,928
B1 Bank - Money Market	1,658
B1 Bank - Public Funds	1,569
B1 Bank - Special Projects	2,806
B1 Bank - Washington Fund	3,000
B1 Bank - GEST Project	7,216
	<hr/>
Total cash and equivalents at beginning of year	\$ 27,177

End of year:

B1 Bank - General	(1,683)
B1 Bank - Money Market	565
B1 Bank - Public Funds	83
United Community Bank - Special Projects	1,382
B1 Bank - Washington Fund	107
B1 Bank - GEST Project	32
	<hr/>
Total cash and equivalents at end of year	\$ 486

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

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to the Financial Statements

For the Year Ended December 31, 2020

INTRODUCTION

The South Louisiana Economic Council, Inc. (the Council), a non-profit corporation, was organized on March 16, 1984, to encourage economic development in the four parish area of Assumption, Lafourche, St. Mary, and Terrebonne. The purpose of the Council is to organize and charter for the purpose of furthering the economic development of the South Central Louisiana area and its environs, and promoting and assisting the growth and development of industry and business concerns, including small business concerns, in the area.

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader. The financial statements of the South Louisiana Economic Council, Inc. (a nonprofit organization) have been prepared on the accrual basis; therefore, certain revenues and the related assets are recognized when awarded rather than when received and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock.

A. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Council's management and the board of directors. The revenues received and expenses incurred in conducting the mission of the Council are included in this category. The Council has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Council, and therefore, the Council's policy is to record these net assets as without donor restrictions.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to the Financial Statements

For the Year Ended December 31, 2020

with donor restrictions to net assets without donor restrictions in the Statements of Activities.

B. USE OF ESTIMATES

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

C. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with an original maturity of ninety days or less to be cash equivalents. There were no cash equivalents at year-end.

D. RECEIVABLES

The Council considers all receivables to be collectible; therefore, no allowance has been established for doubtful accounts. If uncollectible amounts are identified, necessary adjustments are made when information becomes available. These amounts are not considered to be material to the financial statements.

E. PROPERTY AND EQUIPMENT

Property and equipment purchased with an original cost of \$500 or more are reported at historical cost. Donations of property and equipment are recorded as support at their estimated fair value as of the date received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Equipment & furniture	3-7 years
Building improvements	10 years

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to the Financial Statements

For the Year Ended December 31, 2020

F. REVENUE RECOGNITION

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of those restrictions. All donor-restricted support is reported as an increase in donor restricted net assets. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grant revenue is recognized as it is earned in accordance with approved contracts.

G. DEFERRED REVENUES

Service fees collected in advance of the period in which the services relate are deferred and recognized as contract support over the related period of service.

H. ADVERTISING

Advertising costs are expensed when incurred, except for direct-response advertising. The cost of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There were no direct-response advertising costs incurred during the year.

I. INCOME TAX STATUS

South Louisiana Economic Council, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements. South Louisiana Economic Council, Inc. is no longer subject to U.S. Federal tax examination for years prior to the 2017 tax year.

J. NATURE OF ACTIVITIES

The Council was created to spur economic growth by encouraging and facilitating existing local industry to expand and to entice industry from out-of-state to locate in the region. The Council also acts as coordinator for various economic and workforce development activities and programs in the area. The Council is supported primarily through unrestricted grants from the local governments within the four-parish areas it serves, grants from the state government of Louisiana and by unrestricted support received from local private industry.

K. ACCUMULATED VACATION AND SICK LEAVE

All full-time employees earn one day of sick leave per month employed. Sick leave may be accumulated and carried forward from year to year up to a maximum of 240 hours.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to the Financial Statements

For the Year Ended December 31, 2020

Vacation hours do not carryover to future years. Sick leave does carryover; however, any accumulated sick leave is not payable to employees upon termination. Therefore, vacation and sick leave is not accrued.

L. SUBSEQUENT EVENTS

Subsequent to year-end, the Council has been affected by the worldwide coronavirus pandemic which has impacted the local economy. As of the date of the issuance of these financial statements, the full impact to the Council's financial position is unknown.

The subsequent events of the organization were evaluated through the date of the financial statements were available to be issued (June 29, 2021).

NOTE II CASH AND CASH EQUIVALENTS

At December 31, 2020, the Council has cash and cash equivalents (book balances) totaling \$486 of demand deposits. These deposits are stated at cost, which approximates market.

NOTE III CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk that in the event of a bank failure, the Council's deposits may not be returned. The Council does not have a policy for credit risk. At December 31, 2020, the Council had \$34,909 in deposits (collected) bank balance. At December 31, 2020, all deposits were secured by the Federal Deposit Insurance Corporation (FDIC).

NOTE IV GRANT AND CONTRACT RECEIVABLES

The following grant and contract receivables were accrued at December 31, 2020:

Department of Economic Development (LED)	\$57,300
Restore or Retreat	26,841
LA1 Coalition	18,988
Lafourche Chamber of Commerce	<u>17,695</u>
Total	<u>\$120,825</u>

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to the Financial Statements

For the Year Ended December 31, 2020

NOTE V PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Balance at 12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2020</u>
Capital assets being depreciated:				
Building improvements	\$ 18,112	-	-	\$ 18,112
Furniture and equipment	129,233	1,922	-	131,155
Total capital assets being depreciated	<u>147,345</u>	<u>-</u>	<u>-</u>	<u>149,267</u>
Less: accumulated depreciation	<u>(107,995)</u>	<u>(7,922)</u>	<u>-</u>	<u>(115,917)</u>
Total capital assets, net	<u>\$ 39,350</u>	<u>\$ (6,000)</u>	<u>\$ -</u>	<u>\$ 33,350</u>

Depreciation expense for the year was \$7,922.

NOTE VI INVESTMENT IN COOPERATIVE ENDEAVOR AGREEMENT

On August 29, 2011, South Louisiana Economic Council, Inc. entered into a cooperative endeavor agreement with Nicholls State University of Thibodaux, Louisiana for payments of the design, construction, renovation and improvements of the facility the Council occupies on the campus of Nicholls State University. This agreement is for a term of twenty years, beginning on September 15, 2011, and ending on September 14, 2031. Lease payments were waived until the annual lease payments equaled the sum of the investment. Occupancy began in 2013. The Council is required to make lease payments of \$3,041 per month or \$36,487 annually. The Council has incurred \$543,919 for the design and construction cost of the investment in the cooperative endeavor agreement, which exceeded the required minimum approved by Nicholls State University. The Council anticipates offsetting rental payments against its investment from the date of occupancy through 2028 thereafter monthly rental payments are required by the agreement. Additional investments made by the Council could result in amending the agreement to change the rental rate or length of time of the agreement.

At December 31, 2020, the Council has a reported balance of \$273,310 of investment in cooperative endeavor agreement with Nicholls State University.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to the Financial Statements For the Year Ended December 31, 2020

NOTE VII LINE OF CREDIT

The Council has a line of credit payable to B1. The line of credit has a variable interest rate which was 5.25% during the fiscal year. Interest expense paid for the year was \$10,203. The line of credit matures on 9/30/22. A summary of the changes in the line of credit follows:

Line of Credit balance at December 31, 2019:	\$202,342
Additions	-0-
Reductions	<u>160</u>
Line of Credit balance at December 31, 2020:	<u>\$202,182</u>

At year end, there is a delinquent balance, approximately 90 days past due, on the line of credit in totaling \$16,799. Due to statewide economic turndowns and a worldwide COVID-19 pandemic, the Council has entered into negotiations with the bank to obtain total loan forgiveness in exchange for sponsorship opportunities. At year end, the negotiations are still ongoing but favorable. The Council expects a resolution of this matter in the upcoming year.

NOTE VIII DEFERRED COMPENSATION PLAN

Employees of the Council have the option to participate in a deferred compensation program as defined by Internal Revenue Code Section 403(b) (tax sheltered annuities). The Council has the responsibility for withholding and remitting contributions from participants to the plan. There is no matching contribution requirement for the Council. An insurance company serves as administrator and has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specifications and reporting annually to the participant and the Company on the status of the plan.

NOTE IX NET ASSETS WITH DONOR RESTRICTIONS

Changes to net assets with donor restrictions consist of the following for the year ended December 31, 2020:

	<u>Beginning</u>	<u>Additions</u>	<u>Released</u>	<u>Ending</u>
Investment in cooperative endeavor agreement	\$ 309,797	-	\$ (36,487)	\$ 273,310
Washington D.C. Mardi Gras	3,000	-	(2,893)	107
Prepaid expenses	1,579	-	(1,579)	0
Grant and contracts receivable	<u>44,494</u>	<u>120,825</u>	<u>(44,494)</u>	<u>120,825</u>
	<u>\$ 358,870</u>	<u>\$ 120,825</u>	<u>\$ (85,453)</u>	<u>\$ 394,242</u>

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to the Financial Statements

For the Year Ended December 31, 2020

Additions to net assets with donor restrictions are government grants and donations restricted to specified purposes or time sensitive use of the asset.

NOTE X SUPPORT AND REVENUE

The Council receives funding primarily through grants and contracts from state and local governments, not-for-profit corporations, sponsorships for economic development and training seminars and service fees.

Grants and contract revenues were recognized from the following sources during the year ended December 31, 2020:

State of Louisiana	
Department of Economic Development (LED)	\$ 324,732
St. Mary Parish Government	25,000
Lafourche Parish Government	35,000
Greater Lafourche Port Commission	42,500
Other	<u>46,813</u>
Total	<u>\$ 474,045</u>

NOTE XI ECONOMIC DEPENDENCE

The Council receives majority of its funding from a small number of sources. If one would withdraw from funding the Council, the Council would not be able to sustain operations as it is presently structured.

NOTE XII RELATED PARTIES (COOPERATIVE AGREEMENT)

The Council entered into an agreement to provide administrative, secretarial, support, and payroll services, to the LA 1 Coalition, a not-for-profit entity whose mission is to improve the condition of Louisiana Highway 1 in lower Lafourche Parish to Port Fourchon, which is an issue management believes is related to the economic success and viability of the region. The Council is reimbursed for salaries, related payroll taxes and benefits, and office supplies after each pay period totaling \$152,418 in 2020. The Council also received \$10,000 as compensation for unreimbursed time and expenses during the year ending December 31, 2020. At December 31, 2020, \$18,988 is due from LA 1 Coalition for portions of payroll expenses paid under the payroll protection program. This receivable will be satisfied once the PPP loan forgiveness is obtained which is expected to occur in 2021.

The Council also entered into an agreement to provide administrative, secretarial, support, and payroll services, to Restore or Retreat, Incorporated, a not-for-profit entity whose mission is to seek to identify and expedite the implementation of aggressive, large-scale restoration projects to protect the Barataria and Terrebonne basins, which is an issue management believes is related to the economic success and viability of the region. The

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to the Financial Statements

For the Year Ended December 31, 2020

Council is reimbursed for salaries, related payroll taxes and benefits, and office expenses totaling \$178,300 in 2020. The Council also received \$10,000 as compensation for unreimbursed time and expenses during the year ended December 31, 2020. At December 31, 2020, \$26,841 is due from Restore or Retreat, Incorporated for payroll expenses paid under the payroll protection program. This receivable will be satisfied once the PPP loan forgiveness is obtained which is expected to occur in 2021.

The Council also entered into an agreement to provide administrative, secretarial, support, and payroll services, to The Lafourche Chamber of Commerce a not-for-profit entity to strengthen the business climate and the quality of life of Lafourche Parish, Grand Isle, and the Bayou Region, which is an issue management believes is related to the economic success and viability of the region. The Council also received \$1,000 as compensation for unreimbursed time and expenses during the year ended December 31, 2020. The Council is reimbursed for salaries and related payroll taxes after each pay period totaling \$62,271 in 2020. At December 31, 2020, \$17,695 is due from Lafourche Chamber of Commerce for payroll expenses paid under the payroll protection program. This receivable will be satisfied once the PPP loan forgiveness is obtained which is expected to occur in 2021.

During the year ending December 31, 2010, the Council entered into an agreement to provide administrative, secretarial, and support services to the Gulf Economic Survival Team, Incorporated (GEST), a not-for-profit entity whose mission is an organization that promotes the significance of Gulf of Mexico energy production to the U.S. economy, which is an issue management believes is related to the economic success and viability of the region. The Council provided GEST with \$7,216 during the fiscal year to help promote the entity's mission.

NOTE XIII LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

South Louisiana Economic Council, Inc. has \$121,311 of financial assets available within one year of the balance sheet date to meet the cash needs for general expenditures consisting of cash of \$486 and receivables of \$120,825. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The receivables are expected to be collected within one year. The Council has a goal to maintain financial assets, which consists of cash and receivables, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$55,000.

NOTE XIV LITIGATION AND CLAIMS

At December 31, 2020, South Louisiana Economic Council, Inc. had no litigation or claims pending.

Supplemental Information

SOUTH LOUISIANA ECONOMIC COUNCIL INC.
Thibodaux, Louisiana

**Schedule of Compensation, Benefits, and Other Payments to Agency Head or
Chief Executive Officer**

As of and for the Year Ended December 31, 2020

Agency Head Name: Victor Lafont

Purpose	Amount
Salary	\$93,453
Benefits-insurance	6,634
Benefits-retirement	0
Benefits-other	0
Car allowance	9,687
Vehicle provided by government	0
Per diem	0
Reimbursements	667
Travel	4,402
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Meals	2,667

Special Reports of Certified Public Accountants



INDEPENDENT AUDITOR'S 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

**Board of Directors
South Louisiana Economic Council, Inc.
Thibodaux, 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 South Louisiana Economic Council, Inc. (the Council), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 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. 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 Council's 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards (2020-01)*.

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Thibodaux, Louisiana
June 29, 2021

Other Reports

**SOUTH LOUISIANA ECONOMIC COUNCIL, INC.
Thibodaux, Louisiana**

**Corrective Action Plan for Prior and Current Year Findings
For the Year Ended December 31, 2020**

Prior Year Findings

There were no prior year findings reported.

Current Year Findings

2020-01 NON-COMPLIANCE WITH LOAN AGREEMENTS

Condition: In September 2020 and through year end, the South Louisiana Economic Council, Inc. (SLEC) failed to pay required payments on their loan with B1 bank causing noncompliance with loan agreements.

Criteria: In 2013, SLEC entered into a loan agreement with B1 bank for repayment of \$420,000.

Cause: Between September 2020 and December 2020, SLEC failed to meet its loan payment requirements, causing a delinquent balance of \$16,799 at year end.

Effect: SLEC was in non-compliance with the loan agreements.

Management's Response: This issue occurred because of a reduced funding due to statewide economic turndowns coupled with a worldwide COVID-19 pandemic. Management is currently in negotiations with the bank to seek debt forgiveness in exchange for event sponsorship opportunities. The bank has had a favorable response toward these discussions and management expects to have a resolution within the upcoming year.