
COALITION TO RESTORE COASTAL LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2019

RICHARD  CPAS

COALITION TO RESTORE COASTAL LOUISIANA

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COALITION TO RESTORE COASTAL LOUISIANA

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Independent Auditors' Report

The Board of Directors
Coalition to Restore Coastal Louisiana

We have audited the accompanying financial statements of Coalition to Restore Coastal Louisiana (CRCL), which comprise the statement of financial position as of June 30, 2019 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 audit. We conducted our 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. 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 status of Coalition to Restore Coastal Louisiana as of June 30, 2019 and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Coalition to Restore Coastal Louisiana as of June 30, 2018 were audited by other auditors whose report dated November 20, 2018, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update No. 2016-14 Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities in the current year related to the presentation of financial statements. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, on page 15, Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 November 12, 2019, on our consideration of CRCL'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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CRCL's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
November 12, 2019

COALITION TO RESTORE COASTAL LOUISIANA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

<u>ASSETS</u>		
	2019	2018
<u>ASSETS</u>		
Cash	\$ 85,046	\$ 92,123
Grants receivable	190,088	179,685
Other receivables	18,663	82,030
Prepaid expenses	12,990	17,048
Investments	199,618	190,098
Property and equipment, net	-	109
Other assets	-	2,800
	\$ 506,405	\$ 563,893
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 36,500	\$ 112,454
Payroll taxes and other employment related payables	5,189	35,101
Accrued compensated absences	32,429	29,514
Deferred revenues	75,457	6,104
Total current liabilities	149,575	183,173
 Total liabilities	 149,575	 183,173
 <u>NET ASSETS</u>		
Without donor restrictions	221,805	186,200
With donor restrictions	135,025	194,520
Total net assets	356,830	380,720
	\$ 506,405	\$ 563,893

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

COALITION TO RESTORE COASTAL LOUISIANA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND REVENUES</u>						
Grant revenue	\$ 910,856	\$ 246,803	\$ 1,157,659	\$ 1,056,192	\$ 154,710	\$ 1,210,902
Contributions	166,649	-	166,649	161,063	-	161,063
Program administration fees	-	-	-	108,749	-	108,749
Sponsorships	-	-	-	345,832	-	345,832
Registration and fees	-	-	-	282,503	-	282,503
Other income	34,514	-	34,514	-	-	-
Investment return, net	10,229	-	10,229	15,402	-	15,402
Net assets released from restrictions	306,298	(306,298)	-	45,860	(45,860)	-
Total support and revenues	<u>1,428,546</u>	<u>(59,495)</u>	<u>1,369,051</u>	<u>2,015,601</u>	<u>108,850</u>	<u>2,124,451</u>
<u>EXPENSES</u>						
Program services	1,098,829	-	1,098,829	1,656,655	-	1,656,655
Fundraising	54,684	-	54,684	166,000	-	166,000
Management and general	239,428	-	239,428	373,460	-	373,460
Total expenses	<u>1,392,941</u>	<u>-</u>	<u>1,392,941</u>	<u>2,196,115</u>	<u>-</u>	<u>2,196,115</u>
<u>CHANGE IN NET ASSETS</u>	35,605	(59,495)	(23,890)	(180,514)	108,850	(71,664)
<u>NET ASSETS, BEGINNING OF THE YEAR</u>	<u>186,200</u>	<u>194,520</u>	<u>380,720</u>	<u>366,714</u>	<u>85,670</u>	<u>452,384</u>
<u>NET ASSETS, END OF THE YEAR</u>	<u>\$ 221,805</u>	<u>\$ 135,025</u>	<u>\$ 356,830</u>	<u>\$ 186,200</u>	<u>\$ 194,520</u>	<u>\$ 380,720</u>

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

COALITION TO RESTORE COASTAL LOUISIANA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Program Services	Fundraising	Management and General	Totals	Program Services	Fundraising	Management and General	Totals
Salaries	\$ 552,717	\$ 24,685	\$ 125,782	\$ 703,184	\$ 512,318	\$ 85,924	\$ 157,366	\$ 755,608
Payroll taxes	42,563	1,901	9,554	54,018	40,909	6,861	12,566	60,336
Employee benefits	66,322	2,962	15,527	84,811	45,352	25,909	52,103	123,364
Total compensation	661,602	29,548	150,863	842,013	598,579	118,694	222,035	939,308
Advertising and sponsorship	587	650	180	1,417	9,908	13,529	7,051	30,488
Continuing education	883	-	99	982	63	-	(2,495)	(2,432)
Contractors	222,145	-	26,727	248,872	723,662	503	44,485	768,650
Depreciation	-	-	109	109	344	58	105	507
Dues, fees, and registration	33,029	9,164	12,405	54,598	8,975	744	10,690	20,409
Equipment rental and storage	14,953	-	5,198	20,151	7,279	509	4,997	12,785
Food and beverage	5,389	303	5,541	11,233	4,026	2,578	8,723	15,327
Gifts and miscellaneous	186	966	546	1,698	2,834	31	4,560	7,425
Insurance	5,132	175	886	6,193	1,774	297	1,448	3,519
Interest and bank charges	1,671	74	375	2,120	1,561	86	4,454	6,101
Legal and accounting	20,560	452	2,287	23,299	14,171	2,377	4,352	20,900
Meals and entertainment	-	-	34	34	3,463	401	3,322	7,186
Printing and postage	5,201	11,970	726	17,897	18,118	4,046	4,365	26,529
Rent	43,903	1,950	9,862	55,715	46,594	7,814	14,312	68,720
Repairs and maintenance	394	-	7	401	65	14	20	99
Supplies	45,708	(1,395)	3,961	48,274	160,729	9,851	17,446	188,026
Travel	24,353	682	18,614	43,649	45,049	2,846	20,659	68,554
Utilities and telephone	13,133	145	1,008	14,286	9,461	1,622	2,931	14,014
Total expenses	\$ 1,098,829	\$ 54,684	\$ 239,428	\$ 1,392,941	\$ 1,656,655	\$ 166,000	\$ 373,460	\$ 2,196,115

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

COALITION TO RESTORE COASTAL LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (23,890)	\$ (71,664)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	109	507
Realized gain on investments	(3,439)	(14,990)
Unrealized (gain) loss on investments	(847)	7,753
Changes in operating assets and liabilities:		
Grants receivable	(10,403)	75,720
Other receivables	63,367	(73,602)
Prepaid expenses	4,058	(16,888)
Other assets	2,800	-
Accounts payable	(75,954)	(134,166)
Payroll taxes and other employment related payables	(29,912)	13,619
Accrued compensated absences	2,915	5,730
Deferred revenues	69,353	6,104
Net cash used in operating activities	<u>(1,843)</u>	<u>(201,877)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(55,796)	(173,726)
Proceeds from sales of investments	50,562	330,753
Net cash provided by (used in) investing activities	<u>(5,234)</u>	<u>157,027</u>
Net change in cash and cash equivalents	(7,077)	(44,850)
Cash and cash equivalents, beginning of year	<u>92,123</u>	<u>136,973</u>
Cash and cash equivalents, end of year	<u>\$ 85,046</u>	<u>\$ 92,123</u>

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

COALITION TO RESTORE COASTAL LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Significant Accounting Policies

Organization

Coalition to Restore Coastal Louisiana (the "Organization") is a nonprofit organization dedicated to the preservation of Louisiana coastal wetlands. The Organization's main office is located in New Orleans, Louisiana, but it conducts seminars and studies throughout the State of Louisiana in an effort to educate the public and promote wetlands restoration efforts.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions net assets for an operating reserve or board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor) 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.

Cash and Cash Equivalents

Cash equivalents are all highly liquid investments with maturities of three months or less at date of acquisition.

Grants and Other Receivables

Grants and other receivables are stated at the amount management expects to collect. Management provides for probably uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes all outstanding balances as of June 30, 2019 and 2018 to be fully collectible.

COALITION TO RESTORE COASTAL LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Significant Accounting Policies (continued)

Investments

The Organization reports investments in equity securities with readily determinable fair values and investments in debt securities at the fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Interest and dividend income are recorded on the accrual basis.

Property and Equipment

Property and equipment are carried at cost when purchased and at fair market value when received as a donation. The Organization's policy is to capitalize property and equipment over \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

The cost of maintenance and repairs is charged to expense as incurred. Additions, improvements, and betterments to property and equipment are capitalized. The major classes of property and equipment include office and computer equipment and furniture and fixtures and are depreciated over an estimated useful life between 3-7 years.

Depreciation expense for the years ended June 30, 2019 and 2018 totaled \$109 and \$507, respectively.

Contributions and Revenue Recognition

Contributions received are recorded as without donor-restricted support or donor-restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Special event fees are recorded as revenue in the year the event is held. Special event fees collected in advance for the following year are recorded as deferred support.

Contributed Services and Materials

A substantial number of unpaid volunteers have made significant contributions of their time and expertise in the development of the Organization's programs, principally in community-based restoration projects. No amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services or they do not qualify for recognition under accounting principles generally accepted in the United States of America. Additionally, no donated materials were received by the Organization for the years ended June 30, 2019 and 2018.

COALITION TO RESTORE COASTAL LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Significant Accounting Policies (continued)

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2019 and 2018 totaled \$1,417 and \$30,488, respectively.

Income Taxes

Coalition to Restore Coastal Louisiana is a nonprofit corporation exempt from federal income taxes under provisions of the Internal Revenue Service Code Sections 501(c) (3), respectively, and therefore, no provision has been made for federal and state income taxes. It qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the code. It is exempt from Louisiana income tax under the authority of R.S.47:121(5).

Coalition to Restore Coastal Louisiana applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Organization has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities, therefore the implementation of this standard has not had a material effect of the Organization.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, primarily salaries, benefits, rent, insurance and professional fees have been allocated among the programs and supporting services benefited. The allocation between functions is based on time spent by specific employees per the various projects they implemented throughout the year. All other costs are charged directly to the appropriate functional category.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions to and reduction of net assets during the reported period. Accordingly, actual results may differ from those estimates.

COALITION TO RESTORE COASTAL LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Significant Accounting Policies (continued)

New Accounting Pronouncements - Adopted

On August 18, 2016, FASB issued 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 Organization has adjusted the presentation of these statements accordingly. ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities has been applied retrospectively to all periods presented.

2. Liquidity and Availability

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

Cash and cash equivalents	\$	85,046
Grants receivable		190,088
Other receivables		18,663
Investments		199,618
Total financial assets		<u>493,415</u>
Less funds subject to donor-imposed restrictions		<u>(135,025)</u>
Total available financial assets	\$	<u>358,390</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a near balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

3. Grants Receivable

The grants receivable balances as of June 30, 2019 and 2018 and consist of the following:

	<u>2019</u>	<u>2018</u>
Foundation for Louisiana	\$ 50,000	\$ 50,000
Environmental Protection Agency	41,302	-
National Wildlife Federation	34,699	-
Gulf of Mexico Alliance	32,484	-
Louisiana Department of Wildlife and Fisheries	10,063	7,676
Shell Oil Company	21,540	3,000
National Fish and Wildlife Foundation	-	75,689
The Walton Family Foundation	-	43,320
Totals	\$ <u>190,088</u>	\$ <u>179,685</u>

COALITION TO RESTORE COASTAL LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

4. Investments

Investments consisted of mutual funds totaling \$199,618 and \$190,098 as of June 30, 2019 and 2018, respectively.

The Organization has the following investment return for the years ended June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 6,031	\$ 11,251
Realized gain	3,439	14,990
Unrealized gain/(loss)	1,526	(7,753)
Investment fees	<u>(767)</u>	<u>(3,086)</u>
	<u>\$ 10,229</u>	<u>\$ 15,402</u>

5. Fair Value Measurements

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has 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; 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 determined using model-based techniques that include option pricing model, discounted cash flow models and similar techniques.

The asset 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

COALITION TO RESTORE COASTAL LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

5. Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2019 and 2018.

Balance at June 30, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
US Large Cap Equity	\$ 52,523	\$ -	\$ -	\$ 52,523
US Small Cap Equity	10,065	-	-	10,065
EAFE Equity	26,297	-	-	26,297
Emerging Market Equity	8,217	-	-	8,217
Asia ex-Japan Equity	1,060	-	-	1,060
Global Equity	5,046	-	-	5,046
Hedge Funds	5,560	-	-	5,560
US Fixed Income	87,456	-	-	87,456
Global Fixed Income	3,394	-	-	3,394
Total	<u>\$ 199,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,618</u>

Balance at June 30, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
US Large Cap Equity	\$ 50,207	\$ -	\$ -	\$ 50,207
US Small Cap Equity	10,629	-	-	10,629
EAFE Equity	26,543	-	-	26,543
Emerging Market Equity	87,710	-	-	7,710
Asia ex-Japan Equity	1,465	-	-	1,465
Global Equity	4,472	-	-	4,472
Hedge Funds	4,174	-	-	4,174
US Fixed Income	79,993	-	-	79,993
Global Fixed Income	4,119	-	-	4,119
European Large Cap Equity	786	-	-	786
Total	<u>\$ 190,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,098</u>

COALITION TO RESTORE COASTAL LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

6. Operating Leases

The Organization leases office space in Baton Rouge. The lease was effective July 1, 2014 through June 30, 2016. The lease has been extended through December 31, 2017, along with modifications to the monthly rentals. The Organization entered into a lease agreement with a new lessor effective January 1, 2018 through December 2019. The lease payments decreased from \$3,499 to \$1,935 under the current lease for the period January 1, 2018 to October 31, 2018 and \$1,431 for the period November 1, 2018 to December 31, 2019.

The Organization leases office space in New Orleans effective March 31, 2016 through July 31, 2017. Monthly lease payments were \$1,949 under the lease. The lease was extended through July 31, 2019 with monthly lease payments increasing to \$3,135 for the period October 1, 2017 to July 31, 2018 and to \$3,276 for the period August 1, 2018 to July 31, 2019 based on the percentage of office space being leased.

Rent expense for the years ended June 30, 2019 and 2018 was \$55,715 and \$68,720, respectively.

Future minimum payments under the non-cancelable leases in effect as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2020	\$ 49,463
2021	41,563
2022	3,469
Total	\$ <u>94,495</u>

7. Employee Benefits

The Organization currently gives each employee an option to contribute to a 403(b) account within Internal Revenue Code limitations. This account is employee-funded, as the Organization does not match these contributions. The Organization also has an employer-funded SEP IRA in place for its employees. Currently, 5% of each employee's yearly salary is placed in a SEP IRA by the Organization. The Organization's contributions to the plan totaled \$34,911 and \$34,040 for the years ended June 30, 2019 and 2018, respectively.

8. Concentration of Credit Risk

The Organization maintains its cash and cash equivalent balances in several financial institutions. Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to them. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, the Organization did not have any balances in excess of the insured limits.

COALITION TO RESTORE COASTAL LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

9. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018, consist of:

	<u>2019</u>	<u>2018</u>
Outreach Program	\$ 50,000	\$ 98,000
Habitat Restoration Program	25,842	67,113
Oyster Shell Recycling Program	51,625	29,407
Administrative and General Operations	7,558	-
Totals	<u>\$ 135,025</u>	<u>\$ 194,520</u>

Net assets were released from restrictions for satisfaction of purpose during the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Outreach Program	\$ 53,500	\$ -
Habitat Restoration Program	84,171	22,024
Oyster Shell Recycling Program	162,684	23,836
Administrative and General Operations	5,943	-
Totals	<u>\$ 306,298</u>	<u>\$ 45,860</u>

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 12, 2019, and determined the following requires disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

On July 26, 2019, the Organization received a Walton Family Foundation grant in the amount of \$1,347,280. The term of the grant is August 1, 2019 to July 31, 2021.

SUPPLEMENTARY INFORMATION

COALITION TO RESTORE COASTAL LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name: Kim Reyher, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	<u>\$ -</u>

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.

See accompanying independent auditor's report

OTHER REPORT



**INDEPENDENT AUDITORS' 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***

The Board of Directors
Coalition to Restore Coastal 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 Coalition to Restore Coastal Louisiana (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coalition to Restore Coastal Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coalition to Restore Coastal Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a material weakness. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, and 2019-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coalition to Restore Coastal Louisiana's financial statements are free of material misstatements, 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*.

The Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
November 12, 2019

COALITION TO RESTORE COASTAL LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Independent Auditors' Results

Financial Statements

(a) The type of report issued on the basic financial statements: **Unmodified**

(b) Internal control over financial reporting:

Material weakness(es) identified: **None reported**

Significant deficiency(ies) identified: **Yes**

(c) Noncompliance which is material to the basic financial statements: **None reported**

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

2019-001 Internal Financial Statements

Criteria: Adequate internal controls include management providing financial information to the Executive Director, Finance Committee, and the Board of Directors in order for the Organization to have the information needed to make financial decisions for the Organization.

Condition: The internal financial statements prepared by management and presented to the Executive Director, Finance Committee, and the Board include a statement of activities and actual to budget comparison. The internal financial statements provided by management do not consistently include a statement of financial position.

Context: The Executive Director, the Finance Committee and the Board of Directors do not consistently receive a complete statement of financial position at an interim date during the accounting year.

Effect: The Executive Director, the Finance Committee, and the Board of Directors do not consistently have a complete set of financial information provided during the year.

Cause: Turnover in the accounting staff at the beginning of the accounting year as well as management historically not providing this information contributed to the cause of the deficiency.

Recommendation: Management should consistently provide the statement of financial position as of month or quarter end as well as the statement of activities for the month or quarter ended to the Executive Director, Finance Committee, and the Board of Directors.

COALITION TO RESTORE COASTAL LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2019

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards (continued)*

2019-001 Internal Financial Statements (continued)

Management Response: Management concurs with the finding. The Organization will ensure all basic financial reports will be provided during Finance Committee and Board of Directors.

Current Status: Not Resolved.

2019-002 Internal Controls over Disbursements

Criteria: Adequate internal control includes appropriate segregation of duties over significant transaction classes, including operating disbursements.

Condition: The Organization pays a majority of the operating disbursements through either ACH or through payment on the Organization's credit card. The Finance and Administration Director initiates and approves the majority of these payments with limited documentation of approval or review by anyone other than the Finance and Administration Director. The Board Treasurer does obtain bank statements on a monthly basis, however, does not review transaction level supporting documentation. The Finance and Administration Director also is an authorized check signer, (when paper checks are used), records the transactions in the ledger, and prepares the bank reconciliation.

Context: The internal controls over disbursements are not properly designed.

Effect: The Organization does not appear to have adequate segregation of duties in place over the disbursements process.

Cause: Turnover in the accounting staff at the beginning of the accounting year as well as management using more forms of electronic payment contributed to the cause of the deficiency.

Recommendation: Management should consider implementation of appropriate internal controls over the disbursement process to include documented approval prior to payment by someone other than the individual signing the check or initiating an electronic payment or a detailed subsequent review of disbursement activity per the bank statement to the supporting documentation.

Management Response: Management concurs with the finding. The Organization has instituted significant improvements to our financial controls over the past year and are presently revising our organizational financial policies to reflect current practices. The Organization is also researching better companies or structures to provide better structure and segregation of duties for its processes.

Current Status: Not Resolved.

COALITION TO RESTORE COASTAL LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2019

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards (continued)*

2019-003 Internal Control over Payroll

Criteria: Adequate internal controls include appropriate review procedures over significant transactions classes, including payroll.

Condition: The Organization uses a third-party CPA firm to prepare and remit payroll through direct deposit to its employees. The payroll amounts are funded with limited review by management of the amounts prepared by the third-party CPA firm. During the year ended June 30, 2019, the Organization observed one employee was underpaid (\$4,195, from January 2018-September 2018) during the audit period and one employee was overpaid (\$1,275, from July 1, 2018 to October 31, 2018) during the audit period. The amounts were subsequently corrected after management became aware of the payroll differences.

Context: Although most employees were generally salaried during the year ended June 30, 2019, the opportunity for errors in the payroll process exists due to limited review.

Effect: The Organization does not appear to have adequate internal controls (review by someone other than the preparer) in place over the payroll process.

Cause: Turnover in the accounting staff at the beginning of the accounting year contributed to the cause of the deficiency.

Recommendation: Management should consider implementation of appropriate internal controls over the payroll process to include documented approval of amounts funded for payroll by someone other than the CPA firm processing payroll on the Organization's behalf.

Management Response: Management concurs with the finding. The Organization has instituted significant improvements to our financial controls over the past year and are presently revising our organizational financial policies to reflect current practices.

Current Status: Not Resolved.

3. Status of Prior Year's Findings and Responses

None reported



The Board of Directors
Coalition to Restore Coastal Louisiana
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 the Coalition to Restore Coastal Louisiana (CRCL), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2019.

In planning and performing our audit of the financial statements, we considered CRCL'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 CRCL's internal control. Accordingly, we do not express an opinion on the effectiveness of CRCL's internal control.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized on the attached.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of CRCL gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

CRCL's written response to the comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Executive Director and Board of Directors and management 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 Louisiana Legislative Auditor as a public document.

Richard CPAS

Metairie, Louisiana
November 12, 2019

COALITION TO RESTORE COASTAL LOUISIANA

MANAGEMENT LETTER COMMENTS

FOR THE YEAR ENDED JUNE 30, 2019

2019-01 Credit Cards

Observation: CRCL has a significant amount of activity on the credit card accounts on a monthly basis. We observed the following items related to credit cards during the course of the audit procedures:

1. CRCL maintained a credit card account for two employees who were no longer working for CRCL.
2. The payment amounts on the outstanding credit card balances were not in agreement to the prior month outstanding balance. A detailed list of specific charges could not be provided for credit card payments of \$4,353 (paid in July 2018) and \$2,230 (paid in September 2018).
3. Five credit card balances had a cumulative credit balance of (\$3,474) in July 2019 which represented overpayments of the outstanding balances.

Recommendation: RICHARD CPAS recommends that management consider the following:

1. Obtain a list of current open credit card accounts by employee and identify any accounts that are in the name of a terminated employee. Management should modify cardholders to reflect active employees.
2. The amount paid on the outstanding balance of the credit card should be equal to the outstanding balance on the monthly statement. Management should maintain supporting documentation for all charges to the credit card statements.
3. Management should monitor the credit card balances to ensure proper payment amounts to avoid a credit balance on the monthly credit card statement.

Management Response: Management concurs with the finding. The Organization has instituted significant improvements to our financial controls over the past year and are presently revising our organizational financial policies to reflect current practices. The Organization is also researching better companies or structures to provide better structure and segregation of duties for its processes.

2019-02 Bank Reconciliations

Observation: The Finance and Administration Director prepares the bank reconciliations on a monthly basis. Bank statements are provided to the Treasurer on a monthly basis, however there is no documented review of the bank reconciliations by anyone other than the preparer.

Recommendation: RICHARD CPAS recommends that the bank reconciliations be reviewed in detail by someone other than the preparer. This review should be documented.

Management Response: Management concurs with the finding. The Organization has instituted significant improvements to our financial controls over the past year and are presently revising our organizational financial policies to reflect current practices.