

ANNUAL FINANCIAL REPORT
ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
FOR THE YEAR ENDED
DECEMBER 31, 2020
(SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT)



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

Board of Directors
St. Bernard Economic Development Foundation
Chalmette, LA

Management is responsible for the accompanying financial statements of the St. Bernard Economic Development Foundation (a nonprofit organization), which comprise the statement 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 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Other Matter

The schedule of compensation, benefits and other payments to the agency head is presented for purposes of additional analysis as required by Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

June 25, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS:

Current Assets

Cash and cash equivalents	\$ 560,049
Accounts receivable	37,500
Contract assets	<u>7,000</u>
Total current assets	<u>604,549</u>

Property and Equipment

Furniture and equipment	26,945
Accumulated depreciation	<u>(24,396)</u>
Total property and equipment, net	<u>2,549</u>

Total assets	<u><u>\$ 607,098</u></u>
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LIABILITIES AND NET ASSETS:

Current Liabilities

Payroll taxes payable	<u>\$ 2,981</u>
Total current liabilities	<u>2,981</u>

Total liabilities	<u>2,981</u>
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Net Assets

Without donor restrictions	604,117
With donor restrictions	<u>-</u>
Total net assets	<u>604,117</u>

Total liabilities and net assets	<u><u>\$ 607,098</u></u>
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(See independent accountants' compilation report and accompanying notes)

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
St. Bernard Parish grant	\$ 150,000	\$ -	\$ 150,000
PPP grant	30,600	-	30,600
Contract revenue	7,000	-	7,000
Contributions and donations	174,035	-	174,035
Other income	1,241	-	1,241
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>362,876</u>	<u>-</u>	<u>362,876</u>
Expenses			
Program Services			
Economic development	<u>168,150</u>	<u>-</u>	<u>168,150</u>
Total Program	<u>168,150</u>	<u>-</u>	<u>168,150</u>
Support services			
General and administrative	<u>36,260</u>	<u>-</u>	<u>36,260</u>
Total Support Services	<u>36,260</u>	<u>-</u>	<u>36,260</u>
Total expenses	<u>204,410</u>	<u>-</u>	<u>204,410</u>
Change in net assets	158,466	-	158,466
Net assets, beginning of year	<u>445,651</u>	<u>-</u>	<u>445,651</u>
Net assets, end of year	<u><u>\$ 604,117</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 604,117</u></u>

(See independent accountants' compilation report and accompanying notes)

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program</u>		
	Economic	General and	Total
	Development	Administrative	
Salaries	\$ 55,313	\$ 18,436	\$ 73,749
Startup St. Bernard	58,200	-	58,200
Rent	16,402	-	16,402
Consultants	13,635	4,545	18,180
Contract labor	4,576	1,525	6,101
Legal and accounting	4,148	1,382	5,530
Payroll taxes	3,734	1,245	4,979
Sponsorship	4,500	-	4,500
Telephone	2,948	982	3,930
Office renovations	-	2,963	2,963
Marketing	2,070	-	2,070
Health insurance	1,109	370	1,479
Insurance	-	1,137	1,137
Dues and subscriptions	-	1,005	1,005
Cell phone reimbursement	310	-	310
Shop small	110	-	110
Grow St. Bernard	32	10	42
Business meetings	206	-	206
Depreciation	147	49	196
Web design	710	237	947
Office supplies	-	1,439	1,439
Professional development	-	805	805
Miscellaneous	-	130	130
	<hr/>		
	\$ 168,150	\$ 36,260	\$ 204,410
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(See independent accountants' compilation report and accompanying notes)

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating activities

Change in net assets	\$ 158,466
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	196
Increase in contract assets	(2,000)
Decrease in prepaid expense	3,297
Decrease in payroll taxes payable	<u>(1,041)</u>
Total adjustments	<u>452</u>
Net cash provided by operating activities	<u>158,918</u>

Cash Flows from Investing activities

Purchase of property and equipment	<u>(2,745)</u>
Net cash used by investing activities	<u>(2,745)</u>
Net increase in cash and cash equivalents	156,173
Cash and cash equivalents, beginning of year	<u>403,876</u>
Cash and cash equivalents, end of year	<u><u>\$ 560,049</u></u>

(See independent accountants' compilation report and accompanying notes)

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – Summary of Significant Accounting Policies

Nature of Activities

The St. Bernard Economic Development Foundation (the Foundation) is a not-for-profit corporation whose mission is to enhance economic development and commerce in St. Bernard Parish and the State of Louisiana. The Foundation's primary sources of revenues are governmental grants and contributions. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Foundation follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – limited only by the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors, and others entered by the organization during its business.

Net Assets with Donor Restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Foundation had no net assets with donor restrictions as of December 31, 2020.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function, therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, rent, printing, telephone, legal and accounting, insurance, and web design, which are allocated based on estimates of time and effort.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Support and Revenue

Contributions of cash and other assets are reported as without donor restrictions if they are received without donor restrictions or with donor restrictions, if they are received with donor restrictions that limit the use of the donated assets, respectively. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Contributions of donated non-cash assets are recorded at their fair values in the period received.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the collectability of individual accounts. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment

The Foundation capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment is depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2018 - 2020 are subject to examination by the IRS, generally for three years after they were filed. The Foundation records interest and penalties related to its tax positions as income tax expense.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Contract Assets

Contract assets consist of unbilled receivables under the Foundation's cooperative endeavor agreement with the St. Bernard Port, Harbor and Terminal District as further discussed in Note 6.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – Property and Equipment

Property and equipment consist of the following:

Furniture	\$23,297
Equipment	<u>3,648</u>
	26,945
Less: Accumulated Depreciation	<u>(24,396)</u>
Total	<u>\$ 2,549</u>

Depreciation expense was \$196 for the year ended December 31, 2020.

NOTE 3 – Concentrations

The Foundation maintained balances with one financial institution. At times during the year, the amounts may exceed federally insured limits.

For the year ended December 31, 2020, the Foundation received approximately 41% of its total revenues from one donor. A significant reduction in funding from this donor may lead to a reduction in program activities.

NOTE 4 – Rent

The Foundation leases its office space under the terms of an operating lease which expires on March 16, 2025 at a monthly rate of \$1,250.

Future minimum lease payments are as follows:

2021	\$ 15,000
2022	15,000
2023	15,000
2024	15,000
Thereafter	<u>3,125</u>
	<u>\$ 63,125</u>

NOTE 5 - Liquidity

At December 31, 2020, the Foundation has \$604,549 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents and accounts receivable. The Foundation structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 – Cooperative Endeavor Agreement

The Foundation has entered into a cooperative endeavor agreement (CEA) with the St. Bernard Port, Harbor and Terminal District (the Port) whereby the parties agree to facilitate and coordinate a program that will provide marketing, promotion, and public relations services. Under the terms of the CEA, the Port will compensate the Foundation \$1,000 monthly. Total revenue under the CEA was \$7,000 for the year ended December 31, 2020 due to the Foundation being able to fulfill their commitments for seven months, and includes unbilled receivables totaling \$7,000 as of December 31, 2020 reported as contract assets on the statement of financial position.

NOTE 7 – PPP Loan

The Foundation was granted a \$30,600 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refundable advance and subsequently recorded grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized \$30,600 of grant revenue for the year ended December 31, 2020.

NOTE 8 – Risks and Uncertainties

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries could be severely impacted for months or more, as governments take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options currently. No adjustments have been made to these financial statements because of this uncertainty.

NOTE 9 – New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2018-08, “*Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*” This Update addresses the inconsistencies in accounting for transactions as a contribution or as an exchange transaction and determining whether a contribution is conditional. The Foundation has adopted this standard. The adoption of the standard did not have a material impact on the Foundation’s revenue recognition policies.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 – New Accounting Pronouncements (Continued)

The FASB has issued Accounting Standards Update (Update) No. 2016-02, "Leases." This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, "Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)." Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)." Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods after December 15, 2022. The Foundation plans to adopt this Update as applicable by the effective date.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2020-07, "*Not-for-Profit Entities (Topic 958)*." This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Foundation plans to adopt this Update as applicable by the effective date.

NOTE 10 – Date of Management's Review

Management has evaluated subsequent events through June 25, 2021, the date the financial statements were available to be issued.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE
AGENCY HEAD
FOR THE YEAR DECEMBER 31, 2020

Agency Head Name: Meaghan R. McCormack

<u>Purpose</u>	<u>Amount</u>
Salaries	\$ 63,750
Bonus	10,000
Cell phone reimbursement	<u>310</u>
	<u><u>\$ 74,060</u></u>

(See independent accountants' compilation report)

OTHER REPORTS

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
SUMMARY SCHEDULE OF FINDINGS
DECEMBER 31, 2020

Not applicable

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
SUMMARY SCHEDULE OF PRIOR PERIOD FINDINGS
DECEMBER 31, 2020

Not applicable.