

**BARATARIA-TERREBONNE ESTUARY FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

**THIBODAUX, LOUISIANA**

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## Independent Auditor's Report

To the Board of Directors  
Barataria-Terrebonne Estuary Foundation  
Thibodaux, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Barataria-Terrebonne Estuary Foundation (the Foundation) (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - cash basis as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and other changes in net assets - cash basis and functional expenses - cash basis for the years 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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. The audit, as of and for the year ended December 31, 2019, was also conducted under 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 Foundation'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 Foundation'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 assets and liabilities arising from cash transactions of the Foundation as of December 31, 2019 and 2018, and its revenue collected and expenses paid during the years then ended in accordance with the cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Report Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2020, on our consideration the Foundation'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 or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control over financial reporting and compliance.

Respectfully submitted,

*Hammis T. Bourgeois, LLP*

Baton Rouge, Louisiana  
June 29, 2020

**BARATARIA-TERREBONNE ESTUARY FOUNDATION**

**STATEMENTS OF ASSETS, LIABILITIES, AND  
NET ASSETS - CASH BASIS**

AS OF DECEMBER 31, 2019 AND 2018

	<b><u>ASSETS</u></b>	
	<u>2019</u>	<u>2018</u>
<b>Cash</b>	<u>\$ 1,117,825</u>	<u>\$ 1,252,631</u>
Total Assets	<u>\$ 1,117,825</u>	<u>\$ 1,252,631</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Net Assets:</b>		
Without Donor Restrictions	\$ 430,292	\$ 692,204
With Donor Restrictions - for purpose	<u>687,533</u>	<u>560,427</u>
Total Net Assets	<u>\$ 1,117,825</u>	<u>\$ 1,252,631</u>

The accompanying notes are an integral part of this financial statement.

**BARATARIA-TERREBONNE ESTUARY FOUNDATION**

STATEMENT OF REVENUES, EXPENSES, AND  
OTHER CHANGES IN NET ASSETS - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Program Revenue:</b>			
Contributions	\$ 9,339	\$ 28,079	\$ 37,418
Research and Program Agreements	-	502,801	502,801
Event Registrations and Program Sponsorships	26,095	-	26,095
Interest Income and Other Income	4,464	-	4,464
Net Assets Released from Restrictions	<u>403,774</u>	<u>(403,774)</u>	<u>-</u>
 Total Support and Revenue	 443,672	 127,106	 570,778
 <b>Expenses:</b>			
Program Services:			
Habitat Restoration	402,438	-	402,438
Research	39,199	-	39,199
Volunteer	7,483	-	7,483
Outreach & Education	148,554	-	148,554
Events and LUMCON/BTNEP General	<u>73,614</u>	<u>-</u>	<u>73,614</u>
	671,288	-	671,288
Operating Expenses:			
General & Administrative	<u>34,296</u>	<u>-</u>	<u>34,296</u>
 Total Expenses	 <u>705,584</u>	 <u>-</u>	 <u>705,584</u>
 Change in Net Assets	 (261,912)	 127,106	 (134,806)
<b>Net Assets, Beginning of Year</b>	<u>692,204</u>	<u>560,427</u>	<u>1,252,631</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 430,292</u></u>	<u><u>\$ 687,533</u></u>	<u><u>\$ 1,117,825</u></u>

The accompanying notes are an integral part of this financial statement.

**BARATARIA-TERREBONNE ESTUARY FOUNDATION**

STATEMENT OF REVENUES, EXPENSES, AND  
OTHER CHANGES IN NET ASSETS - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Program Revenue:</b>			
Contributions	\$ 10,796	\$ 33,832	\$ 44,628
Research and Program Agreements	-	205,113	205,113
Event Registrations and Program Sponsorships	39,972	-	39,972
Interest Income and Other Income	625	-	625
Net Assets Released from Restrictions	<u>168,874</u>	<u>(168,874)</u>	<u>-</u>
 Total Support and Revenue	 220,267	 70,071	 290,338
 <b>Expenses:</b>			
Program Services:			
Habitat Restoration	212,244	-	212,244
Research	71,697	-	71,697
Volunteer	6,475	-	6,475
Outreach & Education	116,999	-	116,999
Events and LUMCON/BTNEP General	<u>21,089</u>	<u>-</u>	<u>21,089</u>
	428,504	-	428,504
Operating Expenses:			
General & Administrative	<u>22,695</u>	<u>-</u>	<u>22,695</u>
 Total Expenses	 <u>451,199</u>	 <u>-</u>	 <u>451,199</u>
 Change in Net Assets	 (230,932)	 70,071	 (160,861)
 <b>Net Assets, Beginning of Year</b>	 <u>923,136</u>	 <u>490,356</u>	 <u>1,413,492</u>
 <b>Net Assets, End of Year</b>	 <u>\$ 692,204</u>	 <u>\$ 560,427</u>	 <u>\$ 1,252,631</u>

The accompanying notes are an integral part of this financial statement.

**BARATARIA-TERREBONNE ESTUARY FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS**

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					Total Program Services	Supporting Services	2019 Totals
	Habitat Restoration	Research	Volunteer	Outreach and Education	Events and LUMCON/ BTNEP General		General & Administrative	
Bank Charges	\$ -	\$ 15	\$ -	\$ 250	\$ 91	\$ 356	\$ 596	\$ 952
Accounting and Legal	-	-	-	-	40	40	27,105	27,145
Supplies	764	949	844	3,316	4,279	10,152	616	10,768
Donations	-	-	-	-	1,500	1,500	-	1,500
Dues and Subscriptions	-	-	19	19	334	372	1,046	1,418
Postage	-	-	-	81	-	81	106	187
Occupancy Expense	1,885	45	-	-	-	1,930	-	1,930
Equipment Rental	-	-	-	1,500	-	1,500	-	1,500
Printing and Productions	4,500	-	585	3,440	1,002	9,527	300	9,827
Travel	198	993	28	8,846	2,684	12,749	-	12,749
Insurance	784	-	395	5,200	-	6,379	3,331	9,710
Rent Expense	-	657	-	21	-	678	-	678
Operating Expense	150,000	-	296	-	-	150,296	-	150,296
Promotion and Marketing	-	-	4,149	1,366	2,044	7,559	423	7,982
Equipment Expense	55,316	256	-	-	37,381	92,953	-	92,953
Contract Services	180,820	35,654	-	99,967	-	316,441	-	316,441
Professional Services	7,575	432	-	15,289	11,914	35,210	310	35,520
Meeting Expense	56	198	1,032	4,429	11,845	17,560	354	17,914
Sponsorship Expense	-	-	-	-	500	500	-	500
Scholarships and Training								
Assistance	540	-	135	4,830	-	5,505	-	5,505
Other - BTNEP	-	-	-	-	-	-	109	109
	<u>\$ 402,438</u>	<u>\$ 39,199</u>	<u>\$ 7,483</u>	<u>\$ 148,554</u>	<u>\$ 73,614</u>	<u>\$ 671,288</u>	<u>\$ 34,296</u>	<u>\$ 705,584</u>

The accompanying notes are an integral part of this financial statement.



**BARATARIA-TERREBONNE ESTUARY FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS**

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services					Total Program Services	Supporting Services	2018 Totals
	Habitat Restoration	Research	Volunteer	Outreach and Education	Events and LUMCON/ BTNEP General		General & Administrative	
Bank Charges	\$ -	\$ 15	\$ -	\$ 371	\$ 190	\$ 576	\$ 673	\$ 1,249
Accounting and Legal	-	-	-	-	-	-	16,330	16,330
Supplies	12,928	4,510	880	1,944	1,528	21,790	269	22,059
Dues and Subscriptions	-	40	38	439	153	670	317	987
Postage	-	107	-	965	-	1,072	150	1,222
Occupancy Expense	-	7,762	-	-	-	7,762	-	7,762
Equipment Rental	-	-	519	2,813	-	3,332	-	3,332
Printing and Productions	8,625	44	1,131	7,139	826	17,765	225	17,990
Travel	54	34	-	11,482	307	11,877	-	11,877
Insurance	-	-	355	5,225	-	5,580	4,402	9,982
Repairs and Maintenance	-	156	-	-	-	156	-	156
Rent Expense	-	-	-	1,073	-	1,073	-	1,073
Operating Expense	150,000	-	566	50	-	150,616	-	150,616
Promotion and Marketing	-	-	835	3,280	7,298	11,413	-	11,413
Equipment Expense	9,637	1,312	-	1,903	284	13,136	-	13,136
Contract Services	31,000	55,859	-	63,484	2,475	152,818	-	152,818
Professional Services	-	1,600	-	500	2,710	4,810	-	4,810
Meeting Expense	-	258	-	6,331	4,904	11,493	329	11,822
Sponsorship Expense	-	-	2,151	10,000	-	12,151	-	12,151
Other - BTNEP	-	-	-	-	414	414	-	414
	<u>\$ 212,244</u>	<u>\$ 71,697</u>	<u>\$ 6,475</u>	<u>\$ 116,999</u>	<u>\$ 21,089</u>	<u>\$ 428,504</u>	<u>\$ 22,695</u>	<u>\$ 451,199</u>

The accompanying notes are an integral part of this financial statement.

# BARATARIA-TERREBONNE ESTUARY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

### **Note 1 - Summary of Significant Accounting Policies and Nature of Operations -**

#### Nature of Organization

Barataria-Terrebonne Estuary Foundation is located in Thibodaux, Louisiana (“the Foundation”) and was formed in 1995. The Foundation is a nonprofit environmental organization with a mission to involve a representation of a broad base of people to support the Barataria-Terrebonne National Estuary Program (“BTNEP”). This includes supporting the mission of stewardship of the cultural, economic and ecological resources of the Barataria and Terrebonne Basins.

#### Basis of Accounting

The Foundation’s policy is to prepare its financial statements on the cash basis of accounting under which only support and revenues collected, costs and expenses paid, and financial instruments arising from cash transactions are recognized. This is a comprehensive basis of accounting other than generally accepted accounting principles. Property, plant and equipment, accounts receivable, pledges receivable, notes payable, accrued expenses, account payables, deferred expenses, and other assets and liabilities which may be material in amount are not reflected; and the financial statements are not intended to present the results of operations and financial position in conformity with generally accepted accounting principles. The Foundation has equipment as of December 31, 2019 totaling \$3,976 with a net book value of \$199.

#### Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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 restrictions.

*Net Assets With Donor Restrictions* - net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource 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.

#### Donations

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses, and other changes in net assets - cash basis as net assets released from restrictions.

Donated financial instruments are recorded at their fair value. Other non-cash donations are not recognized in the financial statements prepared on the cash basis.

#### Volunteer Services and Other Noncash Contributions

The Foundation benefits from the services of volunteers. These services, and other contributed items are not included in financial statements prepared on the cash basis. However, these services and donated items are essential to the Foundation's operations.

#### Concentration of Credit Risk

At various times during the year, cash on deposit with one banking institution may exceed the Federal Deposit Insurance Corporation limit. Management believes the risk is limited.

#### Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain disclosures. Actual results could differ from those estimates.

#### Income Taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c)(3). With few exceptions, the Foundation is no longer subject to federal or state examinations by tax authorities for the years before 2016. Any interest and penalties assessed by incoming taxing authorities are included in general and administrative expenses in these financial statements as applicable.

The Foundation has been recognized as exempt from federal income taxes, and accordingly does not record a provision for income taxes on its related earnings. The Foundation regularly reviews and evaluates its tax position taken with regard to issues affecting its tax status, unrelated business income, and related matters. The Foundation believes that in the event of an examination by taxing authorities, its positions would prevail based upon technical merits of such positions. Therefore, the Foundation has concluded that no tax benefit or liabilities are required to be recognized as of December 31, 2019 and 2018.

#### Revenue Recognition

The Foundation receives its revenues from contributions from private donors, research and program agreements with various agencies, and event proceeds and program sponsorships. Private donors contribute for general support or in support of one of the initiatives of the Foundation and can vary from year to year depending on donor generosity. Research and Program agreements are awarded to fund the initiatives of the Foundation and its affiliates LUMCON/BTNEP. The affiliation agreement is discussed further in Note 5. These agreements and corresponding revenues can vary from year to year given funding availability at the agency level and which Organizations those agencies elect to award program funding towards. Event proceeds and sponsorships are received from individuals, businesses, and other entities who participate in Foundation events which are typically for to raise awareness for the Foundation's purpose and mission. The Foundation generally conducts similar events each year however participation and financial support for these events is at the discretion of the attendees and can vary from year to year.

All support and revenues are available for use without restriction unless specifically restricted by the donor or funding agency. Revenues are recognized as collected.

### Functional Allocation of Expenses

The Statements of Functional Expenses - Cash Basis presents the natural classification detail of expenses by function. Expenses are recorded directly in the program service or general and administrative classification in which they were incurred.

### Subsequent Events

The COVID-19 outbreak in the United States and globally has caused business disruption through mandated and voluntary closings of schools and businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and its impacts on the Foundation's customers, governance and vendors. Therefore, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations cannot be reasonably estimated at this time.

The Foundation evaluated subsequent events and transactions for potential recognition or disclosure through June 29, 2020, the date which the financial statements were available to be issued.

### Recent Accounting Pronouncements

During the year ended December 31, 2019 the Foundation implemented ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for contributions received and contributions made to assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 did not result in a change to the accounting for contributions received and contributions made.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and liability for the corresponding lease obligation for leases with terms of more than twelve months. In November 2019, the FASB issued ASU 2019-10 delaying the effective date for non-public companies to fiscal years beginning after December 15, 2020. In response to the COVID-19 pandemic, ASU 2020-05 was issued in June 2020 delaying the effective date for Topic 842 to fiscal years beginning after December 15, 2021. The Foundation is evaluating the impact the pronouncement may have on the financial statements.

### **Note 2 - Liquidity and Availability -**

At December 31, 2019, the Foundation has \$1,117,825 of cash available within one year of the Statement of Assets, Liabilities and Net Assets - Cash Basis date to meet cash needs for general expenditures excluding \$687,533 which is subject to donor restrictions, as discussed in Note 3 to the financial statements.

At December 31, 2018, the Foundation has \$1,252,631 of cash available within one year of the Statement of Assets, Liabilities and Net Assets - Cash Basis date to meet cash needs for general expenditures excluding \$560,427 which is subject to donor restrictions, as discussed in Note 3 to the financial statements.

The Foundation has a policy to maintain a bank balance sufficient for its immediate operating needs. The board president and/or Treasurer will, as necessary, review all open bank accounts and make recommendations for any account that should be closed. Bank accounts are normally maintained in interest bearing accounts, unless specific donor requirements dictate otherwise and bank account balances are normally kept under required amounts to qualify for FDIC insurance.

**Note 3 - Restrictions on Net Assets -**

Net Assets with Donor Restrictions are available for the following purposes at December 31, 2019 and 2018 :

	<u>2019</u>	<u>2018</u>
Habitat Restoration	\$ 184,247	\$ 195,504
Research	283,833	226,862
Outreach & Education	145,888	106,995
Events & LUMCON/BTNEP General	<u>73,565</u>	<u>31,066</u>
	<u>\$ 687,533</u>	<u>\$ 560,427</u>

**Note 4 - Net Assets Released from Restrictions -**

Net assets were released from restrictions for the years ended December 31, 2019 and 2018 for incurring expenses satisfying the restricted purpose.

	<u>2019</u>	<u>2018</u>
Restrictions Accomplished:		
Habitat Restoration	\$ 197,036	\$ 30,000
Research	39,199	71,696
Outreach & Education	120,803	67,178
Events & LUMCON/BTNEP General	<u>46,736</u>	<u>-</u>
	<u>\$ 403,774</u>	<u>\$ 168,874</u>

**Note 5 - Related Party and Affiliation Agreement -**

On June 26, 2015, The Foundation entered into an Affiliation Agreement with Louisiana Universities Marine Consortium (LUMCON) for its Barataria-Terrebonne National Estuary Program (BTNEP) (herein called “LUMCON/BTNEP”). The agreement specifies that the Foundation is a separately incorporated 501(c)(3) organization and is responsible for identifying and nurturing relationships with potential donors and other friends of LUMCON/BTNEP; soliciting cash, securities, real and intellectual property, and other private resources for the support of LUMCON/BTNEP; and acknowledging and stewarding such gifts in accordance with donor intent and its fiduciary responsibilities. The agreement also specifies that the Foundation will receive and expend funds to advance, promote, or otherwise benefit LUMCON/BTNEP including supporting LUMCON/BTNEP activities and reimbursing the cost of housing and personnel furnished to the Foundation by LUMCON/BTNEP. The agreement states that the Foundation may perform services consistent with its overall purpose for the benefit of LUMCON/BTNEP and LUMCON/BTNEP will make available facilities, personnel or other support provided that LUMCON/BTNEP is reimbursed for these items.

On July 1, 2019 and July 1, 2018, the Foundation entered into an agreement with LUMCON and BTNEP whereby the Foundation agreed to pay LUMCON for BTNEP personnel salaries and fringe benefits in the amount of \$150,000 for each year. These amounts are recorded in operating expenses on the Statements of Functional Expenses - Cash Basis. These expenses were paid from monies received in a prior year under a separate agreement between Shell, the Foundation and BTNEP. The agreement allows BTNEP personnel to work on habitat restoration projects. LUMCON must provide monthly financial statements detailing the usage of the funds and BTNEP will provide LUMCON with biweekly timesheets.

**Note 6 - Schedule of Compensation, Benefits and Other Payments to the President of the Board of Directors -**

In accordance with Louisiana Revised Statute 24:513A, there was no compensation, benefits, or other payments received during the year ended December 31, 2019 by Gary LaFleur, President of the Board of Directors, who is the acting agency head of the Foundation.

SUPPLEMENTARY INFORMATION

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*



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To the Board of Directors  
Barataria-Terrebonne Estuary Foundation  
Thibodaux, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of Barataria-Terrebonne Estuary Foundation (the Foundation) (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - cash basis as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and other changes in net assets - cash basis and functional expenses - cash basis for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2020. The audit as of and for the year ended December 31, 2019 was conducted under the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Additional matters were communicated to the Board of Directors in a separate written communication.

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

This report is intended solely for the information and use of the Board of Directors, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

Baton Rouge, Louisiana  
June 29, 2020

**BARATARIA-TERREBONNE ESTUARY FOUNDATION**

**SUMMARY SCHEDULE OF AUDIT FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

None

**BARATARIA-TERREBONNE ESTUARY FOUNDATION**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

None



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June 29, 2020

To the Board of Directors of  
Barataria-Terrebonne Estuary Foundation  
Thibodaux, Louisiana

In planning and performing our audit of the financial statements of Barataria-Terrebonne Estuary Foundation (the Foundation) as of and for the years ended December 31, 2019 and 2018, in accordance with the cash basis of accounting, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

However, during our prior year audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated June 29, 2020, on the financial statements of the Foundation.

We have already discussed these comments and suggestions with various Foundation personnel and board members, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### **Segregation of Duties**

#### *Prior Audit Finding:*

Internal controls are designed to safeguard assets and to help to deter losses from employee dishonesty or error. A fundamental concept in a good system of internal controls is segregation of duties. To the extent possible, duties should be segregated to serve as a check and balance of employee integrity and to maintain the best control system possible. The three duties that should be segregated whenever possible are (1) record keeping (access to general ledger, reconciliations, etc.), (2) custody of assets (check signing ability, access to cash receipts, access to checks that have been signed, etc.) and (3) authorization (authority to order materials, sign contracts, etc.). The basic premise is that no employee has access to all phases of a transaction.

Prior Audit Recommendation:

Due to the limited number of personnel of the Foundation, the following procedures should be implemented, at a minimum, to help mitigate the lack of segregation of duties.

- The board or a board member should review (at least on a quarterly basis) the vendor master file for any changes made during the quarter.
- The board or a board member should be actively involved in monthly review of bank statements. This member should receive the unopened bank statements or independently access the bank statements online. In addition, they should review the check register and cash receipts activity. This member should also review and approve the monthly bank reconciliations.
- The board of directors should remain actively involved in the financial reporting process and in monthly and quarterly review of financial statements.

Actions Implemented

- During our current year audit testing, we noted that the Treasurer is now receiving a Transaction List by Vendor each quarter and reviewing all vendors that were paid.
- During our current year audit testing, we noted that the Board President is now receiving the unopened bank statements and reviewing and initialing evidence of their review of all cash receipts and disbursements on the statement. After the reconciliation is prepared, the Board President is reviewing the reconciliation and initialing evidence of their review.
- During our current year audit testing, we noted that the board remains actively involved in the financial reporting process and is reviewing financial statements and other financial reports each quarter at a minimum and sometimes more often than quarterly.

This report is intended solely for the use of Barataria-Terrebonne Estuary Foundation, the board of directors of Barataria-Terrebonne Estuary Foundation, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*