

LOUISIANA BUSINESS INCUBATION ASSOCIATION
REPORT ON REVIEW OF FINANCIAL STATEMENTS
REPORT ON APPLYING AGREED-UPON PROCEDURES
INCLUDING THE LOUISIANA ATTESTATION QUESTIONNAIRE

JUNE 30, 2018

BATON ROUGE, LOUISIANA

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Independent Accountant's Review Report

To the Board of Directors
Louisiana Business Incubation Association
Baton Rouge, Louisiana

We have reviewed the accompanying financial statements of Louisiana Business Incubation Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Louisiana Business Incubation Association's 2017 financial statements and in our conclusion dated December 20, 2017, stated that based on our review, we were not aware of any material modifications that should be made to the 2017 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2017, for it to be consistent with the reviewed financial statements from which it has been derived.

Supplementary Information

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The Statement of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Statement of Functional Expenses has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to the Statement of Functional Expenses for it to be in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 19, 2018

LOUISIANA BUSINESS INCUBATION ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash and Cash Equivalents	\$ 43,340	\$ 27,997
Accounts Receivable	115,176	146,334
Total Current Assets	<u>\$ 158,516</u>	<u>\$ 174,331</u>
	 <u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:		
Accounts Payable	<u>\$ 115,541</u>	<u>\$ 140,942</u>
Total Current Liabilities	115,541	140,942
Net Assets:		
Unrestricted	<u>42,975</u>	<u>33,389</u>
Total Net Assets	<u>42,975</u>	<u>33,389</u>
	<u>\$ 158,516</u>	<u>\$ 174,331</u>

See independent accountant's review report and the accompanying notes.

LOUISIANA BUSINESS INCUBATION ASSOCIATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR 2017

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
Support:				
LED Awards	\$ -	\$ 186,549	\$ 186,549	\$ 198,875
Member Dues	2,800	-	2,800	2,718
Total Support	2,800	186,549	189,349	201,593
Net Assets Released from Restriction	186,549	(186,549)	-	-
Total Support and Net Assets Released from Restriction	189,349	-	189,349	201,593
Expenses:				
Program Services:				
Business Development	170,842	-	170,842	195,375
	170,842	-	170,842	195,375
Supporting Services:				
General & Administrative	8,921	-	8,921	9,606
	8,921	-	8,921	9,606
Total Expenses	179,763	-	179,763	204,981
Change in Net Assets	9,586	-	9,586	(3,388)
Net Assets, Beginning of Year	33,389	-	33,389	36,777
Net Assets, End of Year	\$ 42,975	\$ -	\$ 42,975	\$ 33,389

See independent accountant's review report and the accompanying notes.

LOUISIANA BUSINESS INCUBATION ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 9,586	\$ (3,388)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
(Increase) Decrease in Accounts Receivable	31,158	(45,868)
Increase (Decrease) in Accounts Payable	<u>(25,401)</u>	<u>43,273</u>
Net Cash Provided by (Used in) Operating Activities	<u>15,343</u>	<u>(5,983)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	15,343	(5,983)
Cash and Cash Equivalents, Beginning of Year	<u>27,997</u>	<u>33,980</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 43,340</u></u>	<u><u>\$ 27,997</u></u>

See independent accountant's review report and the accompanying notes.

LOUISIANA BUSINESS INCUBATION ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

Note 1 - Nature of Activities and Significant Accounting Policies -

Nature of Activities

The Louisiana Business Incubation Association (the Association), a Louisiana not-for-profit, is domiciled in Baton Rouge, Louisiana. It was created to promote alliances among incubators, governmental agencies, and professional economic developers in order to enhance the growth and diversification of businesses and economy in Louisiana. The Association's support comes primarily from cooperative endeavor agreements with the Louisiana Department of Economic Development (99%). The balance of revenues earned were received from members through annual dues.

The significant accounting policies are as follows:

Basis of Accounting

The financial statements of the Association have been prepared utilizing the accrual basis of accounting.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of grantor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets - net assets that are not subject to grantor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the Association's governing authority.

Temporarily Restricted Net Assets - net assets subject to grantor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets released during the year ended June 30, 2018 were \$186,549. At June 30, 2018, there were no temporarily restricted net assets.

Permanently Restricted Net Assets - At June 30, 2018, there were no permanently restricted net assets.

See independent accountant's review report.

Estimates

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

Statement of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

The Association uses the allowance method of accounting as required by generally accepted accounting principles. There is no allowance recorded in the accompanying financial statements as all receivables are expected to be collected.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributed Services

The Association recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the year ended June 30, 2018, management considered the value of contributed services meeting the requirements for recognition in the financial statements not material to the financial statements. Therefore contributed services are not recorded in these financial statements.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Association operates as a not-for-profit organization and has received exempt status under Code Section 501(c)(6) of the Internal Revenue Code. Accordingly, no liability or expense has been recorded in the accompanying financial statements.

See independent accountant's review report.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability (or asset) if the Association has taken an uncertain tax position that would more likely than not be substantiated upon examination. Management has analyzed the tax positions taken by the Association and has concluded that as of June 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements

The Association files income tax returns in the U.S. federal jurisdiction and the state of Louisiana. With few exceptions, the Association is no longer subject to federal and state income tax examinations by tax authorities for years before 2014. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements as applicable.

Note 2 - Accounts Receivable -

Accounts Receivable of the Association as of June 30, 2018, totaled \$115,176. The balance at June 30, 2018 consists of amounts due from the Louisiana Department of Economic Development through a Cooperative Endeavor Agreement for the period July 1, 2016 through June 30, 2019.

Note 3 - Accounts Payable -

Accounts Payable of the Association as of June 30, 2018, total \$115,541. The balance at June 30, 2018 includes \$115,176 for awards due to individual member incubators and technology parks based on the requirements of the Cooperative Endeavor Agreement with the Louisiana Department of Economic Development. It also includes \$365 in general and administrative expenses payable.

Note 4 - Concentration of Revenue Sources -

Approximately 99% of the Association's revenue is derived from the Cooperative Endeavor Agreement with the Louisiana Department of Economic Development. In the event funding is terminated, the Association's operations and program services would be greatly diminished.

Note 5 - Compensation, Benefits, and Other Payments to Agency Head -

Agency head, Kenny Anderson, President, does not receive any compensation, payments for benefits, or any other payments.

Note 6 - Subsequent Events -

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 19, 2018, the date which the financial statements were available to be issued.

See independent accountant's review report.

SUPPLEMENTARY INFORMATION

LOUISIANA BUSINESS INCUBATION ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR 2017

	<u>Program Services</u> Business Development	<u>Supporting Services</u> General & Administrative	<u>2018 Total Program and Supporting Services</u>	<u>2017 Total Program and Supporting Services</u>
Incubator Awards	\$ 170,842	\$ -	\$ 170,842	\$ 193,875
Professional Fees	-	8,550	8,550	8,700
Sponsorships/Advertising	-	-	-	1,500
Website	-	45	45	766
Dues & Subscriptions	-	320	320	140
Miscellaneous	-	6	6	-
Total	<u>\$ 170,842</u>	<u>\$ 8,921</u>	<u>\$ 179,763</u>	<u>\$ 204,981</u>

See independent accountant's review report and the accompanying notes.

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Independent Accountant's Report on
Applying Agreed-Upon Procedures

To the Board of Directors
Louisiana Business Incubation Association
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Louisiana Business Incubation Association and the Louisiana Legislative Auditor (the specified parties), on Louisiana Business Incubation Association's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2018, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Louisiana Business Incubation Association's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Association's management.

The Association expended \$170,842 for distributions to member incubators and technology parks in accordance with requirements of the Cooperative Endeavor Agreement with the Louisiana Department of Economic Development (LED).

The Association represented that they received no federal or local government grant awards during the fiscal year ended June 30, 2018.

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.

Selected 6 disbursements from the Cooperative Endeavor Agreement with the Louisiana Department of Economic Development (LED).

3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

All of the disbursements were coded to the correct fund and general ledger account.

5. Report whether the selected disbursements were approved in accordance with the Association's policies and procedures.

The Association's policies and procedures state that the Treasurer of the Board will approve all disbursements. Documentation supporting each of the selected disbursements indicated approval from the Treasurer of the Board.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

There were no disbursements made for federal grant awards. We obtained the grant agreement for disbursements made for state grant awards, and noted the disbursements appeared to comply with the requirements of the Cooperative Endeavor Agreement with the Louisiana Department of Economic Development (LED).

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Association's financial records; and report whether the amounts in the close-out reports agree with the Association's financial records.

No closeout reports of the grant are required by Louisiana Department of Economic Development.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions.

The Association is not subject to the open meetings law.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

Management provided us with a copy of the adopted budget in regards to the use of LED funding. We also sighted the signed Cooperative Endeavor Agreement between Louisiana Business Incubation Association and the Louisiana Department of Economic Development. The agreement includes a Project Budget that includes the total anticipated funding amount and anticipated support award and administrative expense amounts for the 2017-2018 grant year. The agreement also includes a "Plan of Action" that establishes an outline of the project and activities, goals, objectives and performance measures.

State Audit Law

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The 2017 review was due December 31, 2017 and was submitted through the Local Government Reporting System on December 20, 2017.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

There were no expenditures made during the year for materials and supplies exceeding \$30,000 and no expenditures were made for public works exceeding \$154,450.

The Association has not entered into any contracts that are subject to public bid law.

Prior-Year Comments

12. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

No prior year findings were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Association's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Association's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Respectfully submitted,

Hammis T. Bourgeois, LLP

Baton Rouge, Louisiana
December 19, 2018

LOUISIANA BUSINESS INCUBATION ASSOCIATION

SUMMARY SCHEDULE OF FINDINGS

FOR THE YEAR ENDED JUNE 30, 2018

None.

LOUISIANA BUSINESS INCUBATION ASSOCIATION

SUMMARY SCHEDULE OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2018

None.

LOUISIANA ATTESTATION QUESTIONNAIRE

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

_____ (Date Transmitted)

Hannis T. Bourgeois (CPA Firm Name)
2322 Tremont (CPA Firm Address)
Baton Rouge LA 70809 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 6/30/18 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "[Open Meeting FAQs](#)," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

_____	Secretary	_____	Date
	Treasurer	12/19/18	Date
	President	12/19/18	Date