

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

FINANCIAL REPORT

(Reviewed)

December 31, 2019

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Louisiana Charter Boat Association, Inc.
Baton Rouge, Louisiana

We have reviewed the accompanying financial statements of the **LOUISIANA CHARTER BOAT ASSOCIATION, INC. (Association)** (a non-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review 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 many 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 reasonably basis for our conclusion.

Accountants' Conclusion

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

Supplementary Information

The supplementary information contained in Schedule 1 is presented for purposes of 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 26, 2020

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

(See Independent Accountants' Review Report)

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 447,139	\$ 372,620
PROPERTY, net of accumulated depreciation	<u>33,889</u>	<u>22,083</u>
Total assets	<u>\$ 481,028</u>	<u>\$ 394,703</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued expenses	\$ 4,230	\$ 3,835
NET ASSETS		
Without donor restrictions	<u>476,798</u>	<u>390,868</u>
Total liabilities and net assets	<u>\$ 481,028</u>	<u>\$ 394,703</u>

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

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

For the years then ended December 31, 2019 and 2018

(See Independent Accountants' Review Report)

	<u>2019</u>	<u>2018</u>
REVENUES AND SUPPORT		
Grants:		
State assistance	\$ 422,691	\$ 400,089
Miscellaneous	<u>1,752</u>	<u>-</u>
Total revenues and support	<u>424,443</u>	<u>400,089</u>
EXPENSES		
Program	226,355	230,635
Management and general	<u>112,158</u>	<u>102,017</u>
Total expenses	<u>338,513</u>	<u>332,652</u>
Increase in net assets	85,930	67,437
NET ASSETS - WITHOUT DONOR RESTRICTIONS		
Beginning of year	<u>390,868</u>	<u>323,431</u>
End of year	<u>\$ 476,798</u>	<u>\$ 390,868</u>

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

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years then ended December 31, 2019 and 2018

(See Independent Accountants' Review Report)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 85,930	\$ 67,437
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,194	2,950
Change in operating assets and liabilities:		
Accrued expenses	<u>395</u>	<u>(10,932)</u>
Net cash provided by operating activities	99,519	59,455
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of website	<u>(25,000)</u>	<u>(25,000)</u>
Net increase in cash	74,519	34,455
CASH		
Beginning of year	<u>372,620</u>	<u>338,165</u>
End of year	<u>\$ 447,139</u>	<u>\$ 372,620</u>

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

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES

For the years then ended December 31, 2019 and 2018

(See Independent Accountants' Review Report)

	2019		
	Management and		
	Program	General	Total
Promotional	\$ 141,291	\$ -	\$ 141,291
Salaries and payroll taxes	57,773	70,612	128,385
Legal and professional	11,970	14,630	26,600
Depreciation	-	13,194	13,194
Travel	10,115	-	10,115
Office supplies	-	7,979	7,979
Entertainment	5,206	-	5,206
Insurance	-	2,141	2,141
Dues and subscriptions	-	1,657	1,657
Bank fees	-	1,617	1,617
Meetings	-	126	126
Other	-	202	202
	\$ 226,355	\$ 112,158	\$ 338,513
	2018		
	Management and		
	Program	General	Total
Promotional	\$ 143,106	\$ -	\$ 143,106
Salaries and payroll taxes	57,295	70,027	127,322
Legal and professional	16,381	20,021	36,402
Travel	9,412	-	9,412
Entertainment	4,441	-	4,441
Office supplies	-	3,946	3,946
Depreciation	-	2,950	2,950
Insurance	-	2,263	2,263
Bank fees	-	1,597	1,597
Dues and subscriptions	-	910	910
Meetings	-	303	303
	\$ 230,635	\$ 102,017	\$ 332,652

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

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The Louisiana Charter Boat Association, Inc. (the Association), founded in 1994, is a non-profit member organization of Charter Boat Captains with the goal of promoting high standards of professionalism among professional fishing guides and charter boat operators in the State of Louisiana. The mission of the Association is to encourage and increase business for licensed professional fishing guides and charter boat operators, to create a unified body or representation that will allow a spoken voice to be heard in the Louisiana Legislature, Louisiana Wildlife and Fisheries, the United States Congress and other agencies, to strive for conservation of Louisiana's valued coastal marine resources, and to encourage licensing of all fishing guides and charter boat captains.

Basis of presentation

The accounting and reporting policies of the Association conform to generally accepted accounting principles.

Financial position and activities are to be reported according to two classes of net assets: with donor restrictions and without donor restrictions. The Association did not have any net assets with donor restrictions at December 31, 2019 and 2018.

New accounting pronouncement

During the year ended December 31, 2019, the Association adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): *Revenue from Contracts with Customers*, which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. The Association's revenue primarily relates to appropriations received from the State, which is funded through the fees charged for the licenses of professional fishers and charter boat operators. As a result, the adoption of this standard did not change the Association's methodology for revenue recognition for its current revenue streams.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

Cash

For purposes of the statements of cash flows, the Association considers all highly liquid debt instruments, including money markets and certificates of deposits available for current use, with an initial maturity of three months or less, to be cash equivalents. There were no cash equivalents as of December 31, 2019 and 2018.

Property

Property purchased by the Association with an estimated useful life greater than one year is recorded at cost and depreciated using the straight-line method over the estimated useful lives of the equipment.

Revenue recognition and support

The Association reports grants and support when received as increases in net assets with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Association records support revenue as services are rendered. Donated materials and equipment are recorded as contributions at their estimated values at date of receipt.

Functional allocation of expenses

Expenses consist of costs related to providing support to programmatic and management and general functions. These costs have been summarized on a functional basis in the statement of revenue and expenses without donor restrictions. Costs are directly charged to the functions they benefit. Salaries are allocated based on the estimated time involved on each function.

Income taxes

The Association is a nonprofit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (Continued)

The Association follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. the Association's open audit periods are 2017 through 2019.

Advertising

The Association follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$141,291 and \$143,106 for the years ended December 31, 2019 and 2018, respectively.

Subsequent events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 26, 2020, which is the date the financial statements were available to be issued.

NOTE 2 - PROPERTY

A summary of property at December 31, 2019 and 2018 is as follows:

	2019	2018
Machinery and equipment	\$ 3,185	\$ 3,185
Website	61,875	36,875
Total	65,060	40,060
Less: accumulated depreciation	(31,171)	(17,977)
Total property, net	<u>\$ 33,889</u>	<u>\$ 22,083</u>

Depreciation expense was \$13,194 and \$2,950 for the years ended December 31, 2019 and 2018, respectively.

NOTE 3 - PROGRAM AND OTHER SUPPORT

LA Act 40 - Legislation passed in House Bill No. 378 of the 2013 Louisiana Legislative Session assesses an additional \$500 fee for each non-resident charter boat fishing guide license issued and an additional \$5 dollar fee for persons fishing with a licensed charter guide.

(Continued)

NOTE 3 - PROGRAM AND OTHER SUPPORT (CONTINUED)

The Legislation states that the funds shall be deposited to the Conservation Fund and used for promotion of the charter boat industry, protection of the fishery, and to provide for administrative cost of the fund and stipulates that the fees are to be expended for the stated purposes through the Louisiana Charter Boat Association. Support received from the Conservation Fund in accordance with LA Act 40 for the years ended December 31, 2019 and 2018 was \$382,243 and \$351,141, respectively.

LA Act 654 - Legislation passed in House Bill No. 498 of the 2010 Louisiana Legislative Session amended and reenacted Section 1. R.S. 56:302.9(G) to allocate 10% of fees collected each year from the sale of fishing boat fishing guide licenses to be used for promotion of the charter industry, protection of the fishery, and to provide for administrative cost of the Conservation Fund and stipulates that the fees are to be expended for the stated purposes through the Louisiana Charter Boat Association. Support received from the Conservation Fund in accordance with LA Act 654 for the years ended December 31, 2019 and 2018 was \$40,448 and \$48,948, respectively.

NOTE 4 - CONTINGENCIES

In the normal course of operations, the Association receives support from the State and private entities. Some of these activities are subject to audit by the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes the liability, if any, for any reimbursement, which may arise as a result or audits, would not be material.

Appropriations require the fulfillment of certain conditions as set forth in the instrument of the appropriation. Failure to fulfill these conditions could result in the return of the funds to the State. Although this is a possibility, the Association deems the contingency remote, since, by accepting the appropriations and their terms, it has accommodated the objectives of the organization to the provisions of the gifts. Contributions are from both the public and private sectors. Changes in the level of such support could adversely affect the ability of the Association to continue providing services.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

The Association maintains its cash in a secured deposit account at a bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were \$197,139 and \$122,620 in uninsured cash balance at December 31, 2019, and 2018, respectively.

The Association depends on the public to provide appropriations and contributions to enable the Association to continue its activities. All of the Association's support for the years ended December 31, 2019 and 2018, respectively, was received from the State of Louisiana - Department of Wildlife and Fisheries. Program details are discussed at Note 3.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's financial assets available within one year of the balance sheet date for general expenditure consists of cash in the amounts of \$447,139 and \$372,620 as of December 31, 2019 and 2018, respectively.

The Association does not have any amounts with contractual or donor-imposed restrictions within one year of the balance sheet date at December 31, 2019 and 2018.

As part of the Association's liquidity management, the Association maintains sufficient cash funds throughout the year by the grants providing financial support for payroll and related benefit expenses.

NOTE 7 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated closings and reduction of operating hours of charter boats. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Association expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

LOUISIANA CHARTER BOAT ASSOCIATION, INC.

Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended December 31, 2019

Agency Head: Mr. Ben Weber, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 70,000
Mileage reimbursements	1,269
Mobile phone allowance	<u>600</u>
Total	<u>\$ 71,869</u>

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

For the year ended December 31, 2019

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Directors
Louisiana Charter Boat Association, Inc.
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide*, enumerated below, which were agreed to by the management of the **LOUISIANA CHARTER BOAT ASSOCIATION, INC.** (the Association), the Legislative Auditor, and applicable federal and state grantor agency/agencies solely to assist the users in evaluating management's assertions about the Association's compliance with the certain laws and regulations for the year ended December 31, 2019 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Association is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable provisions of *Government Auditing Standards*, published by the United States Comptroller General. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

With respect to your representations relating to the federal, state, and local awards compliance, as of December 31, 2019, and for the year then ended, we applied the following agreed-upon procedures:

Federal, State, and Local Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

<u>Federal, State, or Local Grant Name</u>	<u>Grant Year</u>	<u>Award #</u>	<u>Amount expended</u>
Act 40 of the 2013 Legislative Session	2019	N/A	\$ 316,796
Act 654 of the 2010 Legislative Session	2019	N/A	33,523
Total			<u>\$ 350,319</u>

The Association did not receive any federal or local awards during 2019.

2. For each federal, state, and local award, we performed the following procedures:

We randomly selected six disbursements from each award administered during the period under examination, and traced the disbursements to supporting documentation as to amounts and payees. Upon reviewing twelve total cash disbursements, the Association had four exceptions totaling \$852 that lacked supporting documentation.

Based on our review of disbursements, the expenditures of the state awards may not have complied with the grant agreements, in terms of activities allowed or unallowed, eligibility, and reporting.

3. For the programs selected for testing in Item 2 that have been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

Neither State award was closed out during the period under review.

4. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law).

The open meetings law is not applicable to the Association.

5. For all grants exceeding five thousand dollars, the grantee is required to provide the grantor with a comprehensive budget.

No budget was required to be submitted for Act 40 or Act 654 funds.

6. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Prior year comment was related to noncompliance with Louisiana Revised Statute 24:513; this comment has been resolved.

Management's Response

Management of the Association concurs with the exceptions identified above and is in the process of remedying this matter for the 2020 fiscal year.

We were not engaged to perform, and did not perform, an audit or examination, the objective of which would be the expression of an opinion or conclusion on management's assertions. 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.

This report is intended solely for use of the Board of Directors and management of the Association, the Legislative Auditor (State of Louisiana), and the applicable grantor agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 26, 2020

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

06/26/2020

Faulk & Winkler, LLC
6811 Jefferson Highway
Baton Rouge, LA 70806

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2019 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 - N/A

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 - N/A

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.

Ron Brodus Secretary 6/23/2020 Date

Richard Fischer Executive Director 6/23/2020 Date

Daryl Carpenter President 6/22/2020 Date

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

MANAGEMENT LETTER

For the year ended December 31, 2019

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

Mr. Richard Fischer
Louisiana Charter Boat Association, Inc.
Baton Rouge, Louisiana

In planning and performing our review of the financial statements of **LOUISIANA CHARTER BOAT ASSOCIATION, INC.** (the Association) as of and for the year ended December 31, 2019, we considered the Association's internal control over financial reporting (internal control) as a basis for designing review procedures that are appropriate in the circumstances for the purpose of expressing our conclusion on the financial statements, but not for the purpose of expressing an opinion or conclusion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify a deficiency in internal control that we consider to be material weakness noted as 2019-001 and 2019-002 in the accompanying Attachment A.

Additionally, circumstances related to finding 2019-002 are documented in Attachment B, the *Louisiana Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations*.

This communication is intended solely for the information and use of the Association and is not intended to be, and should not be, used by anyone other than this specified party.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 26, 2020

LOUISIANA CHARTER BOAT ASSOCIATION, INC.
Baton Rouge, Louisiana

2019-001 - INTERNAL CONTROL OVER CASH DISBURSEMENTS

Observation: During the agreed upon procedures we reviewed twelve expenses. It was determined that four of the twelve expenses sampled lacked receipt and/or other supporting documentation. The unsupported transactions totaled \$851.98.

Recommendation: We recommend that the Association implement procedures to ensure all expenses have proper documentation and approval.

Views of responsible official: Management will ensure all future expenses will have proper documentation and approval.

2019-002 - ADVANCE OF PUBLIC FUNDS

Criteria: Louisiana Constitution, Article 7, Section 14 prohibits loan, pledge or donation of public funds, credit, property or things of value of the Association.

Condition: The Association advanced funds to an individual through incurring credit card charges not related to Association business. The Association is currently in process of requesting reimbursement for these charges.

Cause: An employee used the Association's credit card for personal charges totaling \$226.50.

Effect: The Association may not be in compliance with Louisiana Constitution, Article 7, Section 14, *Donation, Loan, or Pledge of Public Credit*.

Recommendation: The Association should implement policies and procedures to ensure credit card expenditures are for the Association's business purposes only.

Views of responsible official: Management has implemented policies to prevent this from happening in the future.

AGENCY NAME: Louisiana Charter Boat Association

FISCAL YEAR END: FYE 12/31/2019

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	The Association advanced funds to an individual through incurring credit card charges not related to Association business.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Credit/debit card transactions for personal use.
3	The amount of funds or approximate value of assets involved.	\$226.50
4	The department or office in which the fraud or misappropriation occurred.	Executive Director
5	The period of time over which the fraud or misappropriation occurred.	To the extent known as of the date of the accountant's review report, January to December 2019.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Executive Director
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Mr. Ben Weber
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No – terminated from agency in February 2020
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	n/a
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	No, but interim director Richard Fischer stated on May 22, 2020 via email to Faulk & Winkler that the organization <i>"may turn over the charges to law enforcement after their internal investigation is completed, pending legal counsel."</i>
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Internal investigation of fraudulent charges had not been concluded.

12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	n/a
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	After LCBA's investigation concludes, LCBA may turn over all charges we deem questionable to the appropriate law enforcement entity, pending the advice of legal counsel.
14	Has restitution been made or has an insurance claim been filed?	Not as of the date of the accountant's review report.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Only per reportable item in the accountant's review report for the year ended 12/31/2019.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes – Per Richard Fischer via email to Faulk & Winkler on May 13, 2020, <i>"LCBA's Board conducted a spot review of employee record keeping in line with good business practices and noted some deficiencies that called into question some spending issues."</i>
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	n/a
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Yes – Per Richard Fischer via email to Faulk & Winkler on May 22, 2020, <i>"LCBA board is implementing an employee handbook, which requires stronger documentation and more timely review of business expenses and receipts."</i>