

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

Audits of Consolidated Financial Statements

December 31, 2019 and 2018



## Contents

---

|                                     |       |
|-------------------------------------|-------|
| <b>Independent Auditor's Report</b> | 1 - 2 |
|-------------------------------------|-------|

---

### **Consolidated Financial Statements**

|  |        |
|--|--------|
| Consolidated Statements of Financial Position  | 3      |
| Consolidated Statements of Activities          | 4 - 5  |
| Consolidated Statements of Functional Expenses | 6 - 7  |
| Consolidated Statements of Cash Flows          | 8      |
| Notes to Consolidated Financial Statements     | 9 - 25 |

---

### **Supplementary Information**

|   |         |
|---|---------|
| Schedule I - Consolidating Statements of Financial Position | 27 - 28 |
| Schedule II - Consolidating Statements of Activities        | 29 - 32 |

---

|  |         |
|--|---------|
| <b>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> | 33 - 34 |
|--|---------|

|   |         |
|---|---------|
| <b>Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance</b> | 35 - 36 |
|---|---------|

---

|   |    |
|---|----|
| Schedule of Expenditures of Federal Awards  | 37 |
| Notes to Schedule of Expenditures of Federal Awards                                 | 38 |
| Schedule of Findings and Questioned Costs   | 39 |
| Summary Schedule of Prior Audit Findings  | 40 |
| Supplementary Schedule of Compensation, Benefits, and Other Payments to Agency Head | 41 |

## Independent Auditor's Report

To the Board of Directors  
Lake Pontchartrain Basin Foundation  
and Save Our Lake Endowment, Inc.  
New Orleans, Louisiana

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lake Pontchartrain Basin Foundation (the Foundation) and Save Our Lake Endowment, Inc. (the Endowment), collectively, the Entity, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

#### LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance  
RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Entity as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, consolidating statements of financial position, and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, consolidating statements of financial position, and consolidating statements of activities are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, consolidating statements of financial position, and consolidating statements of activities are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2020 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's 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 Entity's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
June 9, 2020

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
Consolidated Statements of Financial Position  
December 31, 2019 and 2018

|   | 2019                | 2018                |
|---|---------------------|---------------------|
| <b>Assets</b>                             |                     |                     |
| <b>Current Assets</b>                     |                     |                     |
| Cash and Cash Equivalents                 | \$ 203,764          | \$ 331,262          |
| Cash Restricted for Program Expenditures  | 387,326             | 907,046             |
| Grants Receivable                         | 163,030             | 347,215             |
| Inventory                                 | 16,251              | 19,353              |
| Prepaid Expenses                          | 791                 | 1,016               |
| Other Receivables                         | 7,267               | 11,771              |
| Investments                               | 125,032             | 162,106             |
| Other Current Asset                       | 4,048               | 4,048               |
|   | <hr/>               | <hr/>               |
| <b>Total Current Assets</b>               | <b>907,509</b>      | <b>1,783,817</b>    |
| <b>Property and Equipment, Net</b>        | <b>998,401</b>      | <b>1,071,080</b>    |
|   | <hr/>               | <hr/>               |
| <b>Total Assets</b>                       | <b>\$ 1,905,910</b> | <b>\$ 2,854,897</b> |
|   | <hr/> <hr/>         | <hr/> <hr/>         |
| <b>Liabilities</b>                        |                     |                     |
| <b>Current Liabilities</b>                |                     |                     |
| Accounts Payable                          | \$ 136,387          | \$ 138,152          |
| Accrued Liabilities                       | 142,077             | 125,151             |
| Line of Credit                            | 250,000             | 152,150             |
| Current Portion of Note Payable           | 3,365               | 3,234               |
|   | <hr/>               | <hr/>               |
| <b>Total Current Liabilities</b>          | <b>531,829</b>      | <b>418,687</b>      |
| <b>Note Payable, Less Current Portion</b> | <b>5,328</b>        | <b>8,697</b>        |
|   | <hr/>               | <hr/>               |
| <b>Total Liabilities</b>                  | <b>537,157</b>      | <b>427,384</b>      |
|   | <hr/>               | <hr/>               |
| <b>Net Assets</b>                         |                     |                     |
| Without Donor Restrictions                | 736,060             | 1,384,252           |
| With Donor Restrictions                   | 632,693             | 1,043,261           |
|   | <hr/>               | <hr/>               |
| <b>Total Net Assets</b>                   | <b>1,368,753</b>    | <b>2,427,513</b>    |
|   | <hr/>               | <hr/>               |
| <b>Total Liabilities and Net Assets</b>   | <b>\$ 1,905,910</b> | <b>\$ 2,854,897</b> |
|   | <hr/> <hr/>         | <hr/> <hr/>         |

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

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
**Consolidated Statement of Activities**  
**For the Year Ended December 31, 2019**

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               |
|---|----------------------------------|-------------------------------|---------------------|
| <b>Revenues, Gains, Losses, and Other Support</b>   |                                  |                               |                     |
| Contracts - Federal   | \$ 112,968                       | \$ -                          | \$ 112,968          |
| Grants - Federal  | 544,213                          | 54,889                        | 599,102             |
| Grants - Non-Federal  | 648,594                          | 215,608                       | 864,202             |
| Contributions   | 141,379                          | 22,669                        | 164,048             |
| Fundraising   |                                  |                               |                     |
| Events (Net of Direct Benefits to<br>Donors of \$20,229)  | 61,410                           | -                             | 61,410              |
| Registration Fees   | 3,645                            | -                             | 3,645               |
| Exchange Portion of Membership Dues   | 5,525                            | -                             | 5,525               |
| Lighthouse  |                                  |                               |                     |
| Museum Admissions, Net  | 34,845                           | -                             | 34,845              |
| Facility Rental   | 16,120                           | -                             | 16,120              |
| Museum Shop (Net of Direct Merchandise<br>Expense of \$12,771)                                    | 1,219                            | -                             | 1,219               |
| Other Income  |                                  |                               |                     |
| Investment Return, Net  | 26,136                           | 3,441                         | 29,577              |
| Miscellaneous Income  | 29,228                           | -                             | 29,228              |
| Fee for Service   | 2,500                            | -                             | 2,500               |
|   | <u>1,627,782</u>                 | <u>296,607</u>                | <u>1,924,389</u>    |
| <b>Total Revenues, Gains, Losses, and Other<br/>Support Before Donated Goods and<br/>Services</b> |                                  |                               |                     |
| Donated Goods   | 198,683                          | -                             | 198,683             |
| Donated Services  | 95,072                           | -                             | 95,072              |
| Donated Land  | 6,360                            | -                             | 6,360               |
|   | <u>300,115</u>                   | <u>-</u>                      | <u>300,115</u>      |
| <b>Net Assets Released from Restrictions</b>  |                                  |                               |                     |
| Satisfaction of Purpose Restrictions  | 707,175                          | (707,175)                     | -                   |
|   | <u>2,635,072</u>                 | <u>(410,568)</u>              | <u>2,224,504</u>    |
| <b>Total Revenues, Gains, Losses, and<br/>Other Support</b>                                       |                                  |                               |                     |
| <b>Expenses</b>   |                                  |                               |                     |
| Program Services  |                                  |                               |                     |
| Community Outreach  | 825,416                          | -                             | 825,416             |
| Scientific Programs   | 1,837,012                        | -                             | 1,837,012           |
| Supporting Services   |                                  |                               |                     |
| Fundraising   | 226,287                          | -                             | 226,287             |
| Management and General  | 394,549                          | -                             | 394,549             |
|   | <u>3,283,264</u>                 | <u>-</u>                      | <u>3,283,264</u>    |
| <b>Total Expenses</b>   |                                  |                               |                     |
| <b>Change in Net Assets</b>   | (648,192)                        | (410,568)                     | (1,058,760)         |
| <b>Net Assets, Beginning of Year</b>  | 1,384,252                        | 1,043,261                     | 2,427,513           |
| <b>Net Assets, End of Year</b>  | <u>\$ 736,060</u>                | <u>\$ 632,693</u>             | <u>\$ 1,368,753</u> |

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

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
**Consolidated Statement of Activities**  
**For the Year Ended December 31, 2018**

|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               |
|--|----------------------------------|-------------------------------|---------------------|
| <b>Revenues, Gains, Losses, and Other Support</b>              |                                  |                               |                     |
| Contracts - Federal  | \$ 107,062                       | \$ -                          | \$ 107,062          |
| Grants - Federal   | 674,008                          | 27,500                        | 701,508             |
| Grants - Non-Federal   | 313,209                          | 1,062,246                     | 1,375,455           |
| Contributions  | 106,118                          | 61,183                        | 167,301             |
| Fundraising  |                                  |                               |                     |
| Events (Net of Direct Benefits to<br>Donors of \$37,943)       | 9,769                            | -                             | 9,769               |
| Exchange Portion of Membership Dues                            | 7,375                            | -                             | 7,375               |
| Lighthouse   |                                  |                               |                     |
| Museum Admissions, Net   | 44,107                           | -                             | 44,107              |
| Donations  | 4,875                            | -                             | 4,875               |
| Facility Rental  | 12,830                           | -                             | 12,830              |
| Museum Shop (Net of Direct Merchandise<br>Expense of \$11,982) | 3,382                            | -                             | 3,382               |
| Other Income   |                                  |                               |                     |
| Pontchartrain Beach Rental                                     | 11,675                           | -                             | 11,675              |
| Investment (Loss) Return, Net                                  | (3,975)                          | 2,330                         | (1,645)             |
| Miscellaneous Income   | 8,732                            | 2,570                         | 11,302              |
| Fee for Service  | 2,000                            | -                             | 2,000               |
|  | <b>1,301,167</b>                 | <b>1,155,829</b>              | <b>2,456,996</b>    |
| Donated Goods  | 152,878                          | -                             | 152,878             |
| Donated Services   | 131,665                          | -                             | 131,665             |
|  | <b>284,543</b>                   | <b>-</b>                      | <b>284,543</b>      |
| <b>Net Assets Released from Restrictions</b>                   |                                  |                               |                     |
| Satisfaction of Purpose Restrictions                           | 1,172,195                        | (1,172,195)                   | -                   |
|  | <b>2,757,905</b>                 | <b>(16,366)</b>               | <b>2,741,539</b>    |
| <b>Expenses</b>  |                                  |                               |                     |
| Program Services   |                                  |                               |                     |
| Community Outreach   | 699,663                          | -                             | 699,663             |
| Scientific Programs  | 1,579,819                        | -                             | 1,579,819           |
| Supporting Services  |                                  |                               |                     |
| Fundraising  | 223,421                          | -                             | 223,421             |
| Management and General   | 405,241                          | -                             | 405,241             |
|  | <b>2,908,144</b>                 | <b>-</b>                      | <b>2,908,144</b>    |
| <b>Change in Net Assets</b>                                    | <b>(150,239)</b>                 | <b>(16,366)</b>               | <b>(166,605)</b>    |
| <b>Net Assets, Beginning of Year</b>                           | <b>1,534,491</b>                 | <b>1,059,627</b>              | <b>2,594,118</b>    |
| <b>Net Assets, End of Year</b>                                 | <b>\$ 1,384,252</b>              | <b>\$ 1,043,261</b>           | <b>\$ 2,427,513</b> |

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

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019**

|   | Program Services   |                     | Supporting Services |                        | Totals              |
|---|--------------------|---------------------|---------------------|------------------------|---------------------|
|   | Community Outreach | Scientific Programs | Fundraising         | Management and General |                     |
| Salaries  | \$ 223,414         | \$ 510,898          | \$ 50,545           | \$ 195,447             | \$ 980,304          |
| Fringe Benefits and Payroll Taxes                               | 40,146             | 101,629             | 5,311               | 32,036                 | 179,122             |
| Advertising/PSA   | 48,274             | 2,640               | 9,760               | -                      | 60,674              |
| Computer and Copier Maintenance                                 | 50,889             | 63,929              | 14,368              | 27,791                 | 156,977             |
| Contract Services   | 117,467            | 261,024             | 92,301              | 27,585                 | 498,377             |
| Insurance   | 35,570             | 10,010              | 2,569               | 4,587                  | 52,736              |
| Occupancy   | 13,830             | 38,742              | 5,798               | 37,093                 | 95,463              |
| Printing and Postage  | 9,228              | 293                 | 348                 | 1,838                  | 11,707              |
| Professional Services   | 115,729            | 439,723             | 37,930              | 39,255                 | 632,637             |
| Repairs and Maintenance (Non-Movable)                           | 915                | -                   | 48                  | 11                     | 974                 |
| Supplies and Equipment  | 22,301             | 55,171              | 1,135               | 3,075                  | 81,682              |
| Utilities   | 16,836             | 13,253              | 2,666               | 4,023                  | 36,778              |
| Travel  | 20,214             | 31,607              | 2,498               | 5,360                  | 59,679              |
| Vehicle and Boat Maintenance                                    | 1,924              | 60,557              | 7                   | -                      | 62,488              |
| <b>Total Expenses Before Depreciation and In-Kind Donations</b> | <b>716,737</b>     | <b>1,589,476</b>    | <b>225,284</b>      | <b>378,101</b>         | <b>2,909,598</b>    |
| Depreciation  | 59,240             | 20,671              | -                   | -                      | 79,911              |
| In-Kind Donations   | 49,439             | 226,865             | 1,003               | 16,448                 | 293,755             |
| <b>Total Expenses</b>   | <b>\$ 825,416</b>  | <b>\$ 1,837,012</b> | <b>\$ 226,287</b>   | <b>\$ 394,549</b>      | <b>\$ 3,283,264</b> |

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



**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2018**

|   | Program Services   |                     | Supporting Services |                        | Totals              |
|---|--------------------|---------------------|---------------------|------------------------|---------------------|
|   | Community Outreach | Scientific Programs | Fundraising         | Management and General |                     |
| Salaries  | \$ 203,514         | \$ 494,416          | \$ 69,561           | \$ 169,842             | \$ 937,333          |
| Fringe Benefits and Payroll Taxes                               | 46,698             | 127,328             | 13,710              | 38,452                 | 226,188             |
| Advertising/PSA   | 13,608             | 20,324              | 3,610               | 7,804                  | 45,346              |
| Computer and Copier Maintenance                                 | 37,809             | 60,939              | 14,745              | 26,178                 | 139,671             |
| Contract Services   | 97,350             | 321,580             | 81,376              | 32,065                 | 532,371             |
| Insurance   | 37,296             | 13,465              | 2,810               | 5,362                  | 58,933              |
| Laboratory Fees   | 960                | 47,988              | -                   | -                      | 48,948              |
| Occupancy   | 8,643              | 18,915              | 8,418               | 56,547                 | 92,523              |
| Printing and Postage  | 2,621              | 1,594               | 210                 | 1,607                  | 6,032               |
| Professional Services   | 33,203             | 168,741             | 7,661               | 42,339                 | 251,944             |
| Repairs and Maintenance (Non-Movable)                           | 8,835              | -                   | 92                  | 3                      | 8,930               |
| Supplies and Equipment  | 24,277             | 44,434              | 1,728               | 5,357                  | 75,796              |
| Museum and Gift Shop  | 39                 | -                   | -                   | -                      | 39                  |
| Utilities   | 14,617             | 13,752              | 3,005               | 4,604                  | 35,978              |
| Travel  | 5,618              | 18,207              | 2,119               | 4,527                  | 30,471              |
| Vehicle and Boat Maintenance                                    | 7,927              | 40,351              | 2,024               | 127                    | 50,429              |
| <b>Total Expenses Before Depreciation and In-Kind Donations</b> | <b>543,015</b>     | <b>1,392,034</b>    | <b>211,069</b>      | <b>394,814</b>         | <b>2,540,932</b>    |
| Depreciation  | 59,240             | 23,183              | -                   | 246                    | 82,669              |
| In-Kind Donations   | 97,408             | 164,602             | 12,352              | 10,181                 | 284,543             |
| <b>Total Expenses</b>   | <b>\$ 699,663</b>  | <b>\$ 1,579,819</b> | <b>\$ 223,421</b>   | <b>\$ 405,241</b>      | <b>\$ 2,908,144</b> |

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

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

|   | 2019              | 2018                |
|---|-------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>   |                   |                     |
| Change in Net Assets  | \$ (1,058,760)    | \$ (166,605)        |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Used in Operating Activities |                   |                     |
| Depreciation and Amortization   | 79,911            | 82,669              |
| Gain on Sales of Investments  | (1,529)           | (2,332)             |
| Unrealized (Gain) Loss on Investments   | (18,391)          | 14,418              |
| (Increase) Decrease in:   |                   |                     |
| Grants Receivable   | 184,185           | (59,089)            |
| Inventory   | 3,102             | (6,515)             |
| Prepaid Expense   | 225               | (187)               |
| Other Receivables   | 4,504             | 1,537               |
| Increase (Decrease) in:   |                   |                     |
| Accounts Payable  | (1,765)           | 61,500              |
| Accrued Liabilities   | 16,926            | 21,900              |
| <b>Net Cash Used in Operating Activities</b>  | <b>(791,592)</b>  | <b>(52,704)</b>     |
| <b>Cash Flows from Investing Activities</b>   |                   |                     |
| Purchase of Fixed Assets  | (7,232)           | -                   |
| Reinvestment of Interest and Dividends  | (4,650)           | (2,639)             |
| Proceeds from Sale of Investments   | 61,644            | -                   |
| <b>Net Cash Provided by (Used in) Investing Activities</b>                                | <b>49,762</b>     | <b>(2,639)</b>      |
| <b>Cash Flows from Financing Activities</b>   |                   |                     |
| Net Activity on Line of Credit  | 97,850            | 152,150             |
| Payment on Note Payable   | (3,238)           | (3,363)             |
| <b>Net Cash Provided by Financing Activities</b>  | <b>94,612</b>     | <b>148,787</b>      |
| <b>Net (Decrease) Increase in Cash and Cash Equivalents</b>                               | <b>(647,218)</b>  | <b>93,444</b>       |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                                       | <b>1,238,308</b>  | <b>1,144,864</b>    |
| <b>Cash and Cash Equivalents, End of Year</b>   | <b>\$ 591,090</b> | <b>\$ 1,238,308</b> |
| <b>Reconciliation of Cash and Cash Equivalents</b>  |                   |                     |
| Cash and Cash Equivalents   | \$ 203,764        | \$ 331,262          |
| Cash Restricted for Program Expenditures  | 387,326           | 907,046             |
|   | <b>\$ 591,090</b> | <b>\$ 1,238,308</b> |
| <b>Supplemental Disclosure of Cash Flow Information</b>                                   |                   |                     |
| Cash Paid for Interest  | \$ 5,686          | \$ 11,113           |

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

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 1. Nature of Organization**

**Nature of Organization**

Lake Pontchartrain Basin Foundation (the Foundation) is a non-profit, publicly supported organization and established under 501(c)(3) of the Internal Revenue Code. It was established and incorporated September 19, 1989 by Act 716 of the 1989 Louisiana Legislature for the purpose of the restoration and preservation of the environmental and ecological balance of the Lake Pontchartrain Basin.

On January 20, 1998, Save Our Lake Endowment (the Endowment) was established to operate as a 501(c)(3) organization whose mission is to financially support the Lake Pontchartrain Basin Foundation and its continuing efforts to restore and maintain Lake Pontchartrain.

The Foundation and the Endowment are collectively referred to as the Entity.

The Foundation operates the following programs and supporting services:

***Community Outreach***

The Foundation has established goals of attaining improved water quality standards of Lake Pontchartrain and its major tributaries, and the protection and restoration of the Lake Pontchartrain Basin's natural resources including its coast. The Foundation assists and coordinates efforts with federal, state, and local agencies to clean up and restore the Lake Pontchartrain Basin.

***Scientific Programs***

The Foundation also undertakes programs and funds research in areas such as municipal runoff, sewage systems, industrial discharge, agricultural discharge, saltwater intrusion, erosion, and habitat restoration.

***Fundraising***

Fundraising consists of events, memberships, and the Lighthouse which provides for operations and the mission of the Foundation.

***Management and General***

Management and general consist of oversight, general and financial operations, and technology maintenance for the Foundation.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and liabilities.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation**

The Entity reports information regarding financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, based on donor stipulations and restrictions placed on contributions, if any. Accordingly, net assets of the Entity 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-imposed 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 resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Foundation and the Endowment. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the consolidated statements of cash flows, the Entity considers all highly liquid investments available for current use with an initial maturity of one year or less to be cash equivalents.

**Investments**

Investments in mutual funds with readily determinable fair values are measured at fair value and investments in pooled investment accounts are measured at net asset value by the custodian in the consolidated statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income is restricted by the donor or law.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Grants Receivable**

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management monitors outstanding balances and writes off all balances deemed uncollectible. Management believes all outstanding balances as of December 31, 2019 to be fully collectible.

**Inventories**

Inventories consist of goods for sale at the Lighthouse gift shop and are stated at the weighted-average method.

**Other Receivables**

Other receivables mainly consist of receivables due from tour groups and settlements from credit card purchases made at the New Canal Lighthouse Museum. The Foundation provides for estimated uncollectible receivables on a specific account basis as determined by management. Management believes all outstanding balances are fully collectible.

**Property and Equipment**

Property and equipment are recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures, improvements, renewals, and betterments of \$500 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of property and equipment range from 3 to 40 years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any resulting gain or loss is recorded in the change in net assets.

**Revenue and Revenue Recognition**

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Foundation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Revenue and Revenue Recognition (Continued)**

The Foundation recognizes revenue from museum admissions and merchandise at the point of sale. Membership dues, which are nonrefundable, are recognized over the membership period which is generally one year. The performance obligations include a monthly subscription to the Foundation's newsletter, free admission to the New Canal Lighthouse Museum, lighthouse prints, and certain discounts. Dues are recognized during the fiscal year as services are simultaneously received and consumed by the members.

Special events revenue includes the cost of direct benefits to donors and contribution revenue. Direct benefits to donors for special events are generally received within the fiscal year the payments are received. If the direct benefits are received subsequent to the fiscal year end, revenue will be recognized in the period the benefits are received.

Rental revenue from the New Canal Lighthouse Museum and Pontchartrain Beach is recognized when the performance obligation of the rental has occurred.

**Income Taxes**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Entity believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements during the year ended December 31, 2019. Penalties and interest assessed by income taxing authorities, if any, are included in interest expense.

**Functional Expenses**

The costs of providing the program services and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification, and then allocation if an expenditure benefits more than one program or function. The expenses that are allocated include salaries, employee benefits, and payroll taxes which are allocated based on hours worked on each identified program or grant. Depreciation, maintenance, supplies, legal and professional fees, printing and publications, and other expenses are allocated on the basis of staff head count. Insurance and occupancy are allocated based on square footage.

**Compensated Absences**

The Foundation currently employs a compensated absences policy to which employees earn an escalating number of paid compensation hours each year based on the length of service provided to the Foundation. Employees may carry over and accumulate annual leave time up to a maximum of 120 hours without forfeiture.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Compensated Absences (Continued)**

As of December 31, 2019 and 2018, employees of the Foundation had accumulated \$33,398 and \$29,540, respectively, of employee leave benefits. These amounts are included on the consolidated statements of financial position in accrued liabilities.

**Advertising Expenses**

The Foundation expenses advertising costs as incurred. Advertising expense was \$60,674 and \$45,346 for the years ended December 31, 2019 and 2018, respectively.

**Adoption of ASU 2014-09 and 2018-08**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended, which supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Entity has implemented Topic 606 and has adjusted the presentation in these consolidated financial statements accordingly. The amendment has been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Entity has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with its implementation of ASU 2018-08.

**Recent Accounting Pronouncements - Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Foundation is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 3. Cash Restricted for Program and Capital Expenditures**

In accordance with Environmental Protection Agency grant agreements, the Foundation is required to maintain separate checking accounts for which the use is restricted to the purpose of the grant. The Foundation has also restricted funds to be used to fund the Lighthouse renovation and construction project (the Lighthouse Project). As of December 31, 2019 and 2018, \$5,741 and \$14,378, respectively, was restricted for the Lighthouse Project and \$381,585 and \$892,668, respectively, was restricted for program expenditures.

**Note 4. Concentration of Credit Risk**

The Entity maintains cash accounts at several local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. In addition, the Foundation has cash equivalent accounts with a brokerage firm. The Securities Investor Protection Corporation insures these accounts up to \$250,000. At December 31, 2019 and 2018, the Entity had \$125,663 and \$595,272, respectively, in excess of the FDIC insured limit.

The Entity has not experienced any losses, and does not believe that significant credit risk exists as a result of this practice.

**Note 5. Investments**

The Foundation's investments as of December 31 are summarized below:

|                            | 2019              | 2018              |
|----------------------------|-------------------|-------------------|
| Mutual Funds               | \$ 99,334         | \$ 139,252        |
| Pooled Investment Accounts | 25,698            | 22,854            |
| <b>Total</b>               | <b>\$ 125,032</b> | <b>\$ 162,106</b> |

**Note 6. Assets Measured at Fair Value**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).



**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 6. Assets Measured at Fair Value (Continued)**

The three levels of the fair value hierarchy under FASB Accounting Standards Codification (ASC) 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

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

*Pooled Investments:* The fair value is determined by use of the calculated net asset value per ownership share.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

**Note 6. Assets Measured at Fair Value (Continued)**

Assets measured at fair value on a recurring basis as of December 31 are comprised of and determined as follows:

| <b>2019</b>                               | <b>Level 1</b>   | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>      |
|---|------------------|----------------|----------------|-------------------|
| Mutual Funds                              | \$ 99,334        | \$ -           | \$ -           | \$ 99,334         |
| Pooled Investment Accounts <sup>(1)</sup> | -                | -              | -              | 25,698            |
| <b>Total</b>                              | <b>\$ 99,334</b> | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ 125,032</b> |

  

| <b>2018</b>                               | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>      |
|---|-------------------|----------------|----------------|-------------------|
| Mutual Funds                              | \$ 139,252        | \$ -           | \$ -           | \$ 139,252        |
| Pooled Investment Accounts <sup>(1)</sup> | -                 | -              | -              | 22,854            |
| <b>Total</b>                              | <b>\$ 139,252</b> | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ 162,106</b> |

<sup>(1)</sup> Certain investments measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The Entity's investments at December 31 that feature net asset value per share are as follows:

| <b>2019</b>  | <b>Number of Funds</b> | <b>Fair Value Calculated Using NAV</b> | <b>Unfunded Commitments</b> | <b>Redemption Terms</b>     | <b>Restrictions and Terms in Place at Year End</b> |
|--|------------------------|--|-----------------------------|-----------------------------|--|
| Greater New Orleans Foundation Investment Pool Fund  | 1                      | \$ 11,901                              | N/A                         | Request may be made anytime | N/A  |
| Northshore Community Foundation Investment Pool Fund | 1                      | 13,797                                 | N/A                         | Request may be made anytime | N/A  |
|  |                        | <u>\$ 25,698</u>                       |                             |                             |  |

  

| <b>2018</b>  | <b>Number of Funds</b> | <b>Fair Value Calculated Using NAV</b> | <b>Unfunded Commitments</b> | <b>Redemption Terms</b>     | <b>Restrictions and Terms in Place at Year End</b> |
|--|------------------------|--|-----------------------------|-----------------------------|--|
| Greater New Orleans Foundation Investment Pool Fund  | 1                      | \$ 10,593                              | N/A                         | Request may be made anytime | N/A  |
| Northshore Community Foundation Investment Pool Fund | 1                      | 12,261                                 | N/A                         | Request may be made anytime | N/A  |
|  |                        | <u>\$ 22,854</u>                       |                             |                             |  |

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 6. Assets Measured at Fair Value (Continued)**

According to the Greater New Orleans Foundation (GNOF), the Investment Pool includes investments in a well-diversified asset mix, which includes equity and fixed income securities as well as private equity and investments in hedge funds which primarily invest in commodities. While management may request redemption of these investments at any time, the redemption amount is first subject to GNOF's distribution policies for endowed funds. Any exception to this policy must be approved by GNOF's board which usually is conservative in releasing funds above the amount that is annually distributed.

According to the Northshore Community Foundation (NCF), the Investment Pool includes investments in a well-diversified asset mix, which includes equity and fixed income securities as well as cash and alternative investments.

**Note 7. Property and Equipment**

Property and equipment as of December 31 are as follows:

|                                   | 2019                     | 2018                    |
|-----------------------------------|--------------------------|-------------------------|
| Land                              | \$ 12,360                | \$ 6,000                |
| Lighthouse Building               | 1,083,303                | 1,083,303               |
| Boat and Other Program Equipment  | 316,962                  | 316,090                 |
| Leasehold Improvements            | 213,207                  | 213,207                 |
| Computer Equipment                | 48,269                   | 55,982                  |
| Furniture and Fixtures            | 13,663                   | 13,663                  |
|                                   | <u>1,687,764</u>         | <u>1,688,245</u>        |
| Less: Accumulated Depreciation    | <u>(689,363)</u>         | <u>(617,165)</u>        |
| <b>Net Property and Equipment</b> | <b><u>\$ 998,401</u></b> | <b><u>1,071,080</u></b> |

Depreciation expense for the years ended December 31, 2019 and 2018 was \$79,911 and \$82,669, respectively.

**Note 8. Endowment Funds**

The Foundation's endowments consist of the donor-restricted Greater New Orleans Foundation Endowment Fund and The Save Our Lake Endowment Fund created by the Foundation, collectively known as the Endowment Funds. The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 8. Endowment Funds (Continued)**

As a result of the interpretation, the Entity retains in perpetuity:

- The original value of gifts donated to the endowment,
- The original value of subsequent gifts to the endowment, and
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund not retained in perpetuity is appropriated for the expenditure by the Endowment Funds in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Endowment Funds consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- Other resources of the Foundation
- The investment policies of the Endowment

**GNOF Endowment Fund**

GNOF Endowment Fund is maintained and managed by the GNOF within its investment pool. The fund is invested by GNOF with an attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. Annual distributions of income from the GNOF Endowment Fund, as determined by the Board of Trustees of GNOF, are provided to the Foundation.

For the year ended December 31, 2019, the GNOF Endowment Fund investment return, net totaled \$1,753. For the year ended December 31, 2018, the investment loss, net totaled (\$504). For the years ended December 31, 2019 and 2018, the GNOF Endowment Fund appropriations totaled \$495 and \$429, respectively.

**The Save Our Lake Endowment Fund**

The Save Our Lake (SOL) Endowment Fund was established primarily for the purpose of maintaining the operations of the Foundation and consists of donor-restricted funds.

*Return Objectives and Risk Parameters.* The SOL Endowment Fund is invested with the intention of obtaining general market returns with a minimum amount of investment and management expenses.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

**Note 8. Endowment Funds (Continued)**

*Strategies Employed for Achieving Objectives.* The investment funds are invested in a savings account as of December 31, 2019 and 2018 to minimize risk. In 2019, the SOL Endowment Fund Committee will address investment policy and options to invest with the intention of obtaining general market returns with a minimum amount of investment and management expenses.

*Spending Policy and How Investment Objectives Relate to the Spending Policy.* Contributions to the SOL Endowment Fund were received from various donors who stipulated that the corpus be maintained in perpetuity and the income from the SOL Endowment Fund be used for the restoration and preservation of the environmental and ecological balance of Lake Pontchartrain.

For the years ended December 31, 2019 and 2018, the SOL Endowment Fund investment return totaled \$126.

The composition of endowment net assets for the years ended December 31 were as follows:

| 2019  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| <b>Donor-Restricted Endowment Funds</b>           |                               |                            |                   |
| SOL Endowment Fund                                | \$ -                          | \$ 125,902                 | \$ 125,902        |
| GNOF Endowment Fund                               | -                             | 11,901                     | 11,901            |
| <b>Total Donor-Restricted<br/>Endowment Funds</b> | <b>\$ -</b>                   | <b>\$ 137,803</b>          | <b>\$ 137,803</b> |
| <hr/>   |                               |                            |                   |
| 2018  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
| <b>Donor-Restricted Endowment Funds</b>           |                               |                            |                   |
| SOL Endowment Fund                                | \$ -                          | \$ 125,776                 | \$ 125,776        |
| GNOF Endowment Fund                               | -                             | 10,593                     | 10,593            |
| <b>Total Donor-Restricted<br/>Endowment Funds</b> | <b>\$ -</b>                   | <b>\$ 136,369</b>          | <b>\$ 136,369</b> |

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

**Note 8. Endowment Funds (Continued)**

A summary of changes in the Foundation's endowment net assets for the years ended December 31, 2019 and 2018 is as follows:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
|---|-------------------------------|----------------------------|-------------------|
| <b>Net Assets, January 1, 2019</b>          | \$ -                          | \$ 136,369                 | \$ 136,369        |
| <b>Contributions</b>                        | -                             | 50                         | 50                |
| <b>Investment Return, Net</b>               | -                             | 1,879                      | 1,879             |
| <b>Amount Appropriated for Expenditures</b> | -                             | (495)                      | (495)             |
| <b>Net Assets, December 31, 2019</b>        | <u>\$ -</u>                   | <u>\$ 137,803</u>          | <u>\$ 137,803</u> |
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
| Net Assets, January 1, 2018                 | \$ -                          | \$ 137,176                 | \$ 137,176        |
| Contributions                               | -                             | -                          | -                 |
| Investment Loss, Net                        | -                             | (378)                      | (378)             |
| Amount Appropriated for Expenditures        | -                             | (429)                      | (429)             |
| Net Assets, December 31, 2018               | <u>\$ -</u>                   | <u>\$ 136,369</u>          | <u>\$ 136,369</u> |

*Funds with Deficiencies.* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA required the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations. There were no such deficiencies as of December 31, 2019 and 2018.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

**Note 9. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

|  | 2019                     | 2018                       |
|--|--------------------------|----------------------------|
| Subject to Expenditure for Specified Purpose   |                          |                            |
| Coastal Sustainability                         | \$ 316,244               | \$ 710,328                 |
| Outreach and Education                         | 91,400                   | 65,993                     |
| New Canal Lighthouse Museum                    | 30,979                   | 44,039                     |
| Communication                                  | 28,849                   | -                          |
| Public Access                                  | 10,532                   | 10,532                     |
| Water Quality                                  | 8,816                    | 47,226                     |
| Advocacy                                       | 5,710                    | 28,774                     |
| Development                                    | 2,360                    | -                          |
|  | <u>494,890</u>           | <u>906,892</u>             |
| Endowments Funds                               |                          |                            |
| Original Gifts Restricted in Perpetuity        | 97,210                   | 97,210                     |
| Accumulated Income Available for Appropriation | 40,593                   | 39,159                     |
|  | <u>137,803</u>           | <u>136,369</u>             |
| <b>Total</b>                                   | <b><u>\$ 632,693</u></b> | <b><u>\$ 1,043,261</u></b> |

**Note 10. Retirement Plan**

The Foundation sponsors a 401(k) plan covering all employees who have completed a minimum of one year of service. Eligible plan participants may contribute to the plan, and the Foundation may make matching contributions on behalf of participants of up to 5% of employee contributions. The Foundation's contributions to the plan totaled \$15,213 and \$22,396 for the years ended December 31, 2019 and 2018, respectively.

**Note 11. Operating Leases**

The Foundation leases office space from the University of New Orleans Research and Technology Foundation, Inc for a term that has been extended through May 31, 2020. Monthly lease payments range from \$4,612 to \$4,914 during the 2018 and 2019 fiscal years.

In May 2020, the Foundation entered into a lease agreement with 3501 N. Causeway Associates for office space. Monthly lease payments range from \$6,071 to \$6,563 during the fiscal years of the lease term which ends on July 31, 2025.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 11. Operating Leases (Continued)**

In February 2012, the Foundation entered into an agreement to lease land for the Lighthouse Project. The agreement is for a primary term of five years with eleven additional five-year options to renew, with a maximum term of up to 60 years which may be extended by mutual agreement. The rent for the initial five-year term is \$500, and was paid in February 2012. The lease was renewed during 2016, and extended until 2021. The lease amount shall be increased by 15% for each five-year extension of the lease should the option be exercised.

In June 2015, the Foundation entered into an agreement to lease land for the Pontchartrain Beach. The agreement was for one year, with ten additional three-year options to renew, with a maximum term of up to 31 years which may be extended by mutual agreement. The rent for each of the three-year terms is \$300. The lease was renewed during 2019 through June 2022.

In October 2018, the Foundation entered into an agreement to lease office equipment. The lease term expires in September 2023, and has monthly payments of \$99.

Future minimum lease payments due are as follows:

| <b>Year Ending<br/>December 31,</b> | <b>Amount</b>            |
|-------------------------------------|--------------------------|
| 2020                                | \$ 56,987                |
| 2021                                | 74,916                   |
| 2022                                | 77,131                   |
| 2023                                | 76,698                   |
| 2024                                | 70,966                   |
| Thereafter                          | <u>45,943</u>            |
| <b>Total</b>                        | <b><u>\$ 402,641</u></b> |

Rent expense for the years ended December 31, 2019 and 2018 totaled \$58,807 and \$57,166, respectively.

**Note 12. Line of Credit**

On March 14, 2018, the Foundation entered into a line of credit agreement with a financial institution to provide working capital. The line of credit matures on March 11, 2020, and provides for borrowings up to \$250,000 with a variable interest rate at the lender's prime rate. Collateral is all deposit accounts held by the Entity at this financial institution. The line of credit was renewed in March 2020 with the maturity date extended to March 11, 2021, and variable interest rate updated to lender's prime rate less .75%.



**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 12. Line of Credit (Continued)**

At December 31, 2019 and 2018, the outstanding balance was \$250,000 and \$152,150, respectively. The interest rate was 6.75% and 7.5%, respectively.

**Note 13. Note Payable**

The Foundation has a note payable to a local financial institution secured by a vehicle. The note is dated July 28, 2016, and matures July 28, 2022. The note is payable in equal monthly installments of \$305, including interest at 3.99%. The outstanding balance of the note as of December 31, 2019 and 2018 was \$8,693 and \$11,931, respectively.

The future payments on the note payable as of December 31, 2019 are summarized as follows:

| Year Ending<br>December 31, | Amount          |
|-----------------------------|-----------------|
| 2020                        | \$ 3,365        |
| 2021                        | 3,502           |
| 2022                        | 1,826           |
| <b>Total</b>                | <b>\$ 8,693</b> |

**Note 14. In-Kind Donations**

The Foundation records the value of in-kind donations when the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which would typically need to be purchased if not provided by donation.

The fair value of in-kind donations and donated land and equipment for the years ended December 31 are as follows:

|                  | 2019              | 2018              |
|------------------|-------------------|-------------------|
| Donated Goods    | \$ 198,683        | \$ 152,878        |
| Donated Services | 95,072            | 131,665           |
| Donated Land     | 6,360             | -                 |
| <b>Total</b>     | <b>\$ 300,115</b> | <b>\$ 284,543</b> |

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 15. Risks and Uncertainties**

Investments in various securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near-term would materially affect the fair market value of investments held by the Entity.

**Note 16. Liquidity and Availability**

The Entity's primary sources of support are grants and contributions. A portion of that support is required to be used in accordance with the purpose restrictions imposed by the donors. Donor-restricted support has historically funded approximately 42% of annual program and supporting activities, with the remainder funded by support without donor restrictions and fundraising events that are held for the purpose of supporting the Entity. As described in Note 14, the Entity records in-kind donations that historically fund approximately 10% of annual program and supporting activities. The Entity's objective is to maintain liquid financial assets without donor restrictions sufficient to cover twelve months of program expenditures.

To manage liquidity, the Entity maintains a line of credit of \$250,000 with a financial institution that is drawn upon as needed to manage cash flow. See Note 12 for further description of this line of credit.

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

|                           |                          |
|---------------------------|--------------------------|
| Cash and Cash Equivalents | \$ 77,862                |
| Grants Receivable         | 163,030                  |
| Other Receivables         | 7,267                    |
| Operating Investments     | <u>86,740</u>            |
| <b>Total</b>              | <b><u>\$ 334,899</u></b> |

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**

**Notes to Consolidated Financial Statements**

---

**Note 17. Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 9, 2020, and determined that the following event occurred that required disclosure:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Entity operates. As of the date of this report, the Entity is not able to estimate the financial impact the coronavirus may have.

On April 16, 2020, the Foundation obtained a loan totaling \$219,400 from a financial institution pursuant to the terms of the Paycheck Protection Program (Program) authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan has a fixed interest rate of 1% and matures on April 16, 2022. No payments are due for the first six months and, after taking into account any loan forgiveness applicable to the loan pursuant to the Program, any remaining principal and accrued interest will be payable in equal monthly installments on the first day of each month for the remaining 18 month term of the loan.

On April 26, 2020, the Foundation obtained an Economic Injury Disaster Loan totaling \$500,000 from the Small Business Administration (SBA). Monthly payments, including principal and interest, of \$2,136 will begin on April 26, 2021. The loan has an interest rate is 2.75% and matures on April 26, 2050.

No other subsequent events occurring after June 9, 2020 have been evaluated for inclusion in these consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.  
Consolidating Statement of Financial Position  
For the Year Ended December 31, 2019**

**Schedule I**

|  | Lake<br>Pontchartrain<br>Basin<br>Foundation | Save Our<br>Lake<br>Endowment | Eliminations        | Consolidated        |
|--|--|-------------------------------|---------------------|---------------------|
| <b>Assets</b>  |  |                               |                     |                     |
| <b>Current Assets</b>                                  |  |                               |                     |                     |
| Cash and Cash Equivalents                              | \$ 77,862                                    | \$ 125,902                    | \$ -                | \$ 203,764          |
| Cash Restricted for Program Expenditures               | 387,326                                      | -                             | -                   | 387,326             |
| Grants Receivable                                      | 163,030                                      | -                             | -                   | 163,030             |
| Inventory  | 16,251                                       | -                             | -                   | 16,251              |
| Prepaid Expenses                                       | 791  | -                             | -                   | 791                 |
| Other Receivables                                      | 7,267  | -                             | -                   | 7,267               |
| Investments  | 125,032                                      | -                             | -                   | 125,032             |
| Other Current Assets                                   | 4,048  | -                             | -                   | 4,048               |
| <b>Total Current Assets</b>                            | <b>781,607</b>                               | <b>125,902</b>                | <b>-</b>            | <b>907,509</b>      |
| <b>Property and Equipment, Net</b>                     | <b>998,401</b>                               | <b>-</b>                      | <b>-</b>            | <b>998,401</b>      |
| <b>Controlling Interest in Save Our Lake Endowment</b> | <b>125,902</b>                               | <b>-</b>                      | <b>(125,902)</b>    | <b>-</b>            |
| <b>Total Assets</b>                                    | <b>\$ 1,905,910</b>                          | <b>\$ 125,902</b>             | <b>\$ (125,902)</b> | <b>\$ 1,905,910</b> |
| <b>Liabilities</b>                                     |  |                               |                     |                     |
| <b>Current Liabilities</b>                             |  |                               |                     |                     |
| Accounts Payable                                       | \$ 136,387                                   | \$ -                          | \$ -                | \$ 136,387          |
| Accrued Liabilities                                    | 142,077                                      | -                             | -                   | 142,077             |
| Line of Credit   | 250,000                                      | -                             | -                   | 250,000             |
| Current Portion of Note Payable                        | 3,365  | -                             | -                   | 3,365               |
| <b>Total Current Liabilities</b>                       | <b>531,829</b>                               | <b>-</b>                      | <b>-</b>            | <b>531,829</b>      |
| <b>Note Payable, Less Current Portion</b>              | <b>5,328</b>                                 | <b>-</b>                      | <b>-</b>            | <b>5,328</b>        |
| <b>Total Liabilities</b>                               | <b>537,157</b>                               | <b>-</b>                      | <b>-</b>            | <b>537,157</b>      |
| <b>Net Assets</b>                                      |  |                               |                     |                     |
| Without Donor Restrictions                             | 736,060                                      | -                             | -                   | 736,060             |
| With Donor Restrictions                                | 632,693                                      | 125,902                       | (125,902)           | 632,693             |
| <b>Total Net Assets</b>                                | <b>1,368,753</b>                             | <b>125,902</b>                | <b>(125,902)</b>    | <b>1,368,753</b>    |
| <b>Total Liabilities and Net Assets</b>                | <b>\$ 1,905,910</b>                          | <b>\$ 125,902</b>             | <b>\$ (125,902)</b> | <b>\$ 1,905,910</b> |

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
Consolidating Statement of Financial Position  
For the Year Ended December 31, 2018

**Schedule I  
(Continued)**

|  | Lake<br>Pontchartrain<br>Basin<br>Foundation | Save Our Lake<br>Endowment | Eliminations        | Consolidated        |
|--|--|----------------------------|---------------------|---------------------|
| <b>Assets</b>  |  |                            |                     |                     |
| <b>Current Assets</b>                                  |  |                            |                     |                     |
| Cash and Cash Equivalents                              | \$ 205,486                                   | \$ 125,776                 | \$ -                | \$ 331,262          |
| Cash Restricted for Program Expenditures               | 907,046                                      | -                          | -                   | 907,046             |
| Grants Receivable                                      | 347,215                                      | -                          | -                   | 347,215             |
| Inventory  | 19,353                                       | -                          | -                   | 19,353              |
| Prepaid Expenses                                       | 1,016  | -                          | -                   | 1,016               |
| Other Receivables                                      | 11,771                                       | -                          | -                   | 11,771              |
| Investments  | 162,106                                      | -                          | -                   | 162,106             |
| Other Current Asset                                    | 4,048  | -                          | -                   | 4,048               |
| <b>Total Current Assets</b>                            | <b>1,658,041</b>                             | <b>125,776</b>             | <b>-</b>            | <b>1,783,817</b>    |
| <b>Property and Equipment, Net</b>                     | <b>1,071,080</b>                             | <b>-</b>                   | <b>-</b>            | <b>1,071,080</b>    |
| <b>Controlling Interest in Save Our Lake Endowment</b> | <b>125,776</b>                               | <b>-</b>                   | <b>(125,776)</b>    | <b>-</b>            |
| <b>Total Assets</b>                                    | <b>\$ 2,854,897</b>                          | <b>\$ 125,776</b>          | <b>\$ (125,776)</b> | <b>\$ 2,854,897</b> |
| <b>Liabilities</b>                                     |  |                            |                     |                     |
| <b>Current Liabilities</b>                             |  |                            |                     |                     |
| Accounts Payable                                       | \$ 138,152                                   | \$ -                       | \$ -                | \$ 138,152          |
| Accrued Liabilities                                    | 125,151                                      | -                          | -                   | 125,151             |
| Line of Credit   | 152,150                                      | -                          | -                   | 152,150             |
| Current Portion of Note Payable                        | 3,234  | -                          | -                   | 3,234               |
| <b>Total Current Liabilities</b>                       | <b>418,687</b>                               | <b>-</b>                   | <b>-</b>            | <b>418,687</b>      |
| <b>Note Payable, Less Current Portion</b>              | <b>8,697</b>                                 | <b>-</b>                   | <b>-</b>            | <b>8,697</b>        |
| <b>Total Liabilities</b>                               | <b>427,384</b>                               | <b>-</b>                   | <b>-</b>            | <b>427,384</b>      |
| <b>Net Assets</b>                                      |  |                            |                     |                     |
| Without Donor Restrictions                             | 1,384,252                                    | -                          | -                   | 1,384,252           |
| With Donor Restrictions                                | 1,043,261                                    | 125,776                    | (125,776)           | 1,043,261           |
| <b>Total Net Assets</b>                                | <b>2,427,513</b>                             | <b>125,776</b>             | <b>(125,776)</b>    | <b>2,427,513</b>    |
| <b>Total Liabilities and Net Assets</b>                | <b>\$ 2,854,897</b>                          | <b>\$ 125,776</b>          | <b>\$ (125,776)</b> | <b>\$ 2,854,897</b> |

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
Consolidating Statement of Activities  
For the Year Ended December 31, 2019

Schedule II

|   | Lake<br>Pontchartrain<br>Basin<br>Foundation | Save Our<br>Lake<br>Endowment | Eliminations | Consolidated     |
|---|--|-------------------------------|--------------|------------------|
| <b>Without Donor Restrictions</b>   |  |                               |              |                  |
| <b>Revenues, Gains, Losses, and Other Support</b>   |  |                               |              |                  |
| Contracts - Federal   | \$ 112,968                                   | \$ -                          | \$ -         | \$ 112,968       |
| Contracts - Local Government  | -  | -                             | -            | -                |
| Grants - Federal  | 544,213                                      | -                             | -            | 544,213          |
| Grants - Non-Federal  | 648,594                                      | -                             | -            | 648,594          |
| Contributions   | 141,379                                      | -                             | -            | 141,379          |
| Fundraising   |  |                               |              |                  |
| Events (Net of Direct Benefits to<br>Donors of \$20,229)  | 61,410                                       | -                             | -            | 61,410           |
| Registration Fees   | 3,645  | -                             | -            | 3,645            |
| Exchange Portion of Membership Dues   | 5,525  | -                             | -            | 5,525            |
| Lighthouse  |  |                               |              |                  |
| Museum Admissions, Net  | 34,845                                       | -                             | -            | 34,845           |
| Facility Rental   | 16,120                                       | -                             | -            | 16,120           |
| Museum Shop (Net of Direct Merchandise<br>Expense of \$12,771)                                    | 1,219  | -                             | -            | 1,219            |
| Other Income  |  |                               |              |                  |
| Investment Income   | 26,136                                       | -                             | -            | 26,136           |
| Miscellaneous Income  | 29,228                                       | -                             | -            | 29,228           |
| Fee for Service   | 2,500  | -                             | -            | 2,500            |
|   | <u>1,627,782</u>                             | <u>-</u>                      | <u>-</u>     | <u>1,627,782</u> |
| <b>Total Revenues, Gains, Losses, and Other<br/>Support Before Donated Goods and<br/>Services</b> |  |                               |              |                  |
| Donated Goods   | 198,683                                      | -                             | -            | 198,683          |
| Donated Services  | 95,072                                       | -                             | -            | 95,072           |
| Donated Land  | 6,360  | -                             | -            | 6,360            |
|   | <u>300,115</u>                               | <u>-</u>                      | <u>-</u>     | <u>300,115</u>   |
| <b>Net Assets Released from Restrictions</b>  |  |                               |              |                  |
| Satisfaction of Purpose Restrictions  | 707,175                                      | -                             | -            | 707,175          |
|   | <u>707,175</u>                               | <u>-</u>                      | <u>-</u>     | <u>707,175</u>   |
| <b>Total Revenues, Gains, Losses,<br/>and Other Support</b>                                       | <u>2,635,072</u>                             | <u>-</u>                      | <u>-</u>     | <u>2,635,072</u> |

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
Consolidating Statement of Activities  
For the Year Ended December 31, 2019

**Schedule II  
(Continued)**

|  | Lake<br>Pontchartrain<br>Basin<br>Foundation | Save Our<br>Lake<br>Endowment | Eliminations        | Consolidated        |
|--|--|-------------------------------|---------------------|---------------------|
| <b>Expenses</b>  |  |                               |                     |                     |
| Program Expenses                                       |  |                               |                     |                     |
| Community Outreach                                     | 825,416                                      | -                             | -                   | 825,416             |
| Scientific Programs                                    | 1,837,012                                    | -                             | -                   | 1,837,012           |
| Supporting Services                                    |  |                               |                     |                     |
| Fundraising  | 226,287                                      | -                             | -                   | 226,287             |
| Management and General                                 | 394,549                                      | -                             | -                   | 394,549             |
| <b>Total Expenses</b>                                  | <b>3,283,264</b>                             | <b>-</b>                      | <b>-</b>            | <b>3,283,264</b>    |
| <b>Change in Net Assets Without Donor Restrictions</b> | <b>(648,192)</b>                             | <b>-</b>                      | <b>-</b>            | <b>(648,192)</b>    |
| <b>With Donor Restrictions</b>                         |  |                               |                     |                     |
| <b>Revenues and Other Support</b>                      |  |                               |                     |                     |
| Grants - Federal                                       | 54,889                                       | -                             | -                   | 54,889              |
| Grants - Non-Federal                                   | 215,608                                      | -                             | -                   | 215,608             |
| Contributions  | 22,669                                       | -                             | -                   | 22,669              |
| Investment Income                                      | 3,441  | 126                           | (126)               | 3,441               |
| <b>Total Revenues and Other Support</b>                | <b>296,607</b>                               | <b>126</b>                    | <b>(126)</b>        | <b>296,607</b>      |
| <b>Net Assets Released from Restrictions</b>           | <b>(707,175)</b>                             | <b>-</b>                      | <b>-</b>            | <b>(707,175)</b>    |
| <b>Change in Net Assets With Donor Restrictions</b>    | <b>(410,568)</b>                             | <b>126</b>                    | <b>(126)</b>        | <b>(410,568)</b>    |
| <b>Change in Net Assets</b>                            | <b>(1,058,760)</b>                           | <b>126</b>                    | <b>(126)</b>        | <b>(1,058,760)</b>  |
| <b>Net Assets, Beginning of Year</b>                   | <b>2,427,513</b>                             | <b>125,776</b>                | <b>(125,776)</b>    | <b>2,427,513</b>    |
| <b>Net Assets, End of Year</b>                         | <b>\$ 1,368,753</b>                          | <b>\$ 125,902</b>             | <b>\$ (125,902)</b> | <b>\$ 1,368,753</b> |

See independent auditor's report.



**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
Consolidating Statement of Activities  
For the Year Ended December 31, 2018

**Schedule II  
(Continued)**

|   | Lake<br>Pontchartrain<br>Basin<br>Foundation | Save Our<br>Lake<br>Endowment | Eliminations | Consolidated     |
|---|--|-------------------------------|--------------|------------------|
| <b>Without Donor Restrictions</b>   |  |                               |              |                  |
| <b>Revenues, Gains, Losses, and Other Support</b>   |  |                               |              |                  |
| Contracts - Federal   | \$ 107,062                                   | \$ -                          | \$ -         | \$ 107,062       |
| Grants - Federal  | 674,008                                      | -                             | -            | 674,008          |
| Grants - Non-Federal  | 313,209                                      | -                             | -            | 313,209          |
| Contributions   | 106,118                                      | -                             | -            | 106,118          |
| Fundraising   |  |                               |              |                  |
| Events (Net of Direct Benefits to<br>Donors of \$37,943)  | 9,769  | -                             | -            | 9,769            |
| Exchange Portion of Membership Dues   | 7,375  | -                             | -            | 7,375            |
| Lighthouse  |  |                               |              |                  |
| Museum Admissions, Net  | 44,107                                       | -                             | -            | 44,107           |
| Donations   | 4,875  | -                             | -            | 4,875            |
| Facility Rental   | 12,830                                       | -                             | -            | 12,830           |
| Museum Shop (Net of Direct Merchandise<br>Expense of \$11,982)                                    | 3,382  | -                             | -            | 3,382            |
| Other Income  |  |                               |              |                  |
| Pontchartrain Beach Rental  | 11,675                                       | -                             | -            | 11,675           |
| Investment Loss   | (3,975)                                      | -                             | -            | (3,975)          |
| Miscellaneous Income  | 8,732  | -                             | -            | 8,732            |
| Fee for Service   | 2,000  | -                             | -            | 2,000            |
| <b>Total Revenues, Gains, Losses, and Other<br/>Support Before Donated Goods and<br/>Services</b> | <b>1,301,167</b>                             | <b>-</b>                      | <b>-</b>     | <b>1,301,167</b> |
| Donated Goods   | 152,878                                      | -                             | -            | 152,878          |
| Donated Services  | 131,665                                      | -                             | -            | 131,665          |
|   | <b>284,543</b>                               | <b>-</b>                      | <b>-</b>     | <b>284,543</b>   |
| <b>Net Assets Released from Restrictions</b>  |  |                               |              |                  |
| Satisfaction of Purpose Restrictions  | 1,172,195                                    | -                             | -            | 1,172,195        |
| <b>Total Revenues, Gains, Losses,<br/>and Other Support</b>                                       | <b>2,757,905</b>                             | <b>-</b>                      | <b>-</b>     | <b>2,757,905</b> |

See independent auditor's report.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
Consolidating Statement of Activities  
For the Year Ended December 31, 2018

**Schedule II  
(Continued)**

|  | Lake<br>Pontchartrain<br>Basin<br>Foundation | Save Our<br>Lake<br>Endowment | Eliminations        | Consolidated        |
|--|--|-------------------------------|---------------------|---------------------|
| <b>Expenses</b>  |  |                               |                     |                     |
| Program Expenses                                       |  |                               |                     |                     |
| Community Outreach                                     | 699,663                                      | -                             | -                   | 699,663             |
| Scientific Programs                                    | 1,579,819                                    | -                             | -                   | 1,579,819           |
| Supporting Services                                    |  |                               |                     |                     |
| Fundraising  | 223,421                                      | -                             | -                   | 223,421             |
| Management and General                                 | 405,241                                      | -                             | -                   | 405,241             |
| <b>Total Expenses</b>                                  | <b>2,908,144</b>                             | <b>-</b>                      | <b>-</b>            | <b>2,908,144</b>    |
| <b>Change in Net Assets Without Donor Restrictions</b> | <b>(150,239)</b>                             | <b>-</b>                      | <b>-</b>            | <b>(150,239)</b>    |
| <b>With Donor Restrictions</b>                         |  |                               |                     |                     |
| <b>Revenues and Other Support</b>                      |  |                               |                     |                     |
| Contracts - Federal                                    | 27,500                                       | -                             | -                   | 27,500              |
| Grants - Non-Federal                                   | 1,062,246                                    | -                             | -                   | 1,062,246           |
| Contributions  | 61,183                                       | -                             | -                   | 61,183              |
| Investment Income                                      | 2,330  | 126                           | (126)               | 2,330               |
| Miscellaneous Income                                   | 2,570  | -                             | -                   | 2,570               |
| <b>Total Revenues and Other Support</b>                | <b>1,155,829</b>                             | <b>126</b>                    | <b>(126)</b>        | <b>1,155,829</b>    |
| <b>Net Assets Released from Restrictions</b>           | <b>(1,172,195)</b>                           | <b>-</b>                      | <b>-</b>            | <b>(1,172,195)</b>  |
| <b>Change in Net Assets With Donor Restrictions</b>    | <b>(16,366)</b>                              | <b>126</b>                    | <b>(126)</b>        | <b>(16,366)</b>     |
| <b>Change in Net Assets</b>                            | <b>(166,605)</b>                             | <b>126</b>                    | <b>(126)</b>        | <b>(166,605)</b>    |
| <b>Net Assets, Beginning of Year</b>                   | <b>2,594,118</b>                             | <b>125,650</b>                | <b>(125,650)</b>    | <b>2,594,118</b>    |
| <b>Net Assets, End of Year</b>                         | <b>\$ 2,427,513</b>                          | <b>\$ 125,776</b>             | <b>\$ (125,776)</b> | <b>\$ 2,427,513</b> |

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors  
Lake Pontchartrain Basin Foundation  
and Save Our Lake Endowment, Inc.  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Lake Pontchartrain Basin Foundation and Save Our Lake Endowment, Inc., collectively, the Entity, which comprise the consolidated statement of financial position as of December 31, 2019, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 9, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Entity'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 consolidated 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 Entity's consolidated 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*.

### **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 entity'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 entity'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 management, the Board of Directors, others within the Entity, and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA  
June 9, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors  
Lake Pontchartrain Basin Foundation  
and Save Our Lake Endowment, Inc.  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited Lake Pontchartrain Basin Foundation's (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended December 31, 2019. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Foundation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

### **Opinion on the Major Federal Program**

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

### **Report on Internal Control Over Compliance**

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



A Professional Accounting Corporation

Metairie, LA  
June 9, 2020

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019**

| Federal Grantor/<br>Pass-Through Entity/<br>Program Title                  | Federal<br>CFDA Number | Pass-Through<br>Award Number | Federal<br>Expenditures |
|--|------------------------|------------------------------|-------------------------|
| <b>United States National Oceanic and Atmospheric Administration</b>       |                        |                              |                         |
| Direct Award:  |                        |                              |                         |
| Pontchartrain Beach STEM Education   | 11.008                 | NOAA-NMFS-SE-2018-2005331    | \$ 22,762               |
| <b>Total United States National Oceanic and Atmospheric Administration</b> |                        |                              | <b>22,762</b>           |
| <b>United States Department of Transportation</b>                          |                        |                              |                         |
| Direct Award:  |                        |                              |                         |
| Pipeline and Hazardous Materials Safety Administration                     | 20.710                 | 693JK31840018PTAG            | 65,000                  |
| Pipeline and Hazardous Materials Safety Administration                     | 20.710                 | 693JK31940015PTAG            | 5,000                   |
| <b>Total United States Department of Transportation</b>                    |                        |                              | <b>70,000</b>           |
| <b>United States Environmental Protection Agency</b>                       |                        |                              |                         |
| Passed through the University of New Orleans                               |                        |                              |                         |
| Research and Technology Foundation:  |                        |                              |                         |
| Lake Pontchartrain Basin Restoration Program                               | 66.125                 | BR-01F57501                  | 107,183                 |
| Lake Pontchartrain Basin Restoration Program                               | 66.125                 | BR-01F54601                  | 314,147                 |
| Passed through St. Tammany Parish:   |                        |                              |                         |
| Bayou Liberty Home System Inspections                                      | 66.125                 | S109167                      | 1,487                   |
| Ponchitolawa Watershed   | 66.125                 | 6214                         | 30,114                  |
| Passed through Sewerage and Water Board:                                   |                        |                              |                         |
| Environmental Protection Agency Grant                                      |                        |                              |                         |
| Urban Waters   | 66.440                 | 00F85801                     | 2,315                   |
| Urban Waters   | 66.440                 | 6162016                      | 556                     |
| Direct Award:  |                        |                              |                         |
| Undeserved Schools and Municipal Green Infrastructure Policy               |                        |                              |                         |
|  | 66.440                 | 01F19401                     | 11,652                  |
| Passed through St. Tammany Parish:   |                        |                              |                         |
| Abita River Home System Inspections  | 66.475                 | S110966                      | 69,620                  |
| Direct Award:  |                        |                              |                         |
| Gulf of Mexico Program   |                        |                              |                         |
|  | 66.475                 | 00D88819                     | 989                     |
| Gulf of Mexico Program   |                        |                              |                         |
|  | 66.475                 | 00D68218                     | 33,017                  |
| Gulf of Mexico Program   |                        |                              |                         |
|  | 66.475                 | 00D18514                     | 97,704                  |
| <b>Total United States Environmental Protection Agency</b>                 |                        |                              | <b>668,784</b>          |
| <b>United States Department of Homeland Security</b>                       |                        |                              |                         |
| Passed through United States Coast Guard:                                  | 97.U01                 | 23-19-2998WN010              | 3,619                   |
| <b>Total United States Department of Homeland Security</b>                 |                        |                              | <b>3,619</b>            |
| <b>Total Expenditures of Federal Awards</b>                                |                        |                              | <b>\$ 765,165</b>       |

See notes to schedule of expenditures of federal awards.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2019**

---

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Lake Pontchartrain Basin Foundation under programs of the federal government for the year ended December 31, 2019, and is presented on the full accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

**Note 2. De Minimis Cost Rate**

The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2019**

---

**Part I - Summary of Auditor's Results**

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued:                          | Unmodified    |
| 2. Internal control over financial reporting:                |               |
| a. Material weaknesses identified?                           | None          |
| b. Significant deficiencies identified?                      | None Reported |
| c. Noncompliance material to the financial statements noted? | None          |

Federal Awards

- |   |                    |
|---|--------------------|
| 1. Internal Control Over Major Program  |                    |
| a. Material weaknesses identified?  | None               |
| b. Significant deficiencies identified?   | None Reported      |
| 2. Type of Auditor's Report Issued on Compliance for Major Federal Program                            | Unmodified         |
| 3. Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)? | None               |
| 4. Identification of Major Program:   |                    |
| <u>Title</u>  | <u>CFDA Number</u> |
| Lake Pontchartrain Basin Restoration Program  | 66.125             |
| 5. Dollar Threshold used to Distinguish between Type A and Type B Programs:                           | \$750,000          |
| 6. Auditee Qualified as Low-Risk Auditee?   | No                 |

**Part II - Financial Statement Findings**

None noted.

**Part III - Federal Awards Findings and Questioned Costs**

None noted.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2019**

---

None noted.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
AND SAVE OUR LAKE ENDOWMENT, INC.  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2019**

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head**

Kristi Trail, Executive Director

| <b>Purpose</b>        | <b>Amount</b> |
|-----------------------|---------------|
| Salary                | \$7,129       |
| Benefits - Insurance  | \$415         |
| Benefits - Retirement | \$356         |

**AGREED-UPON PROCEDURES REPORT**  
Lake Pontchartrain Basin Foundation

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2019 - December 31, 2019**

Board of Directors  
Lake Pontchartrain Basin Foundation  
2045 Lakeshore Drive, Suite 339  
New Orleans, Louisiana 70112

We have performed the procedures enumerated below, which were agreed to by Lake Pontchartrain Basin Foundation (LPBF) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. LPBF's management is responsible for those C/C areas identified in the SAUPs.

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.

The procedures and associated results for LPBF are as follows:

***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

**LOUISIANA • TEXAS**

- e) **Payroll/Personnel**, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions noted.

### **Bank Reconciliations**

---

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted.

### ***Collections (excluding EFTs)***

---

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).
4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
6. Randomly select two deposit dates for each of the five bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted for procedures 3, 4, 5, 6a, 6b, 6c, or 6e. For each of the 10 deposits selected, the checks included were not stamped with a received by date. Therefore, it was not possible to determine the time elapsed between receipt of the checks and the actual deposit. It is the policy of LPBF to deposit within five business days of receipt. These factors are considered to be an exception to procedure 6d.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).
8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
9. For each location selected under #7 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Results: No exceptions noted for procedures 7, 8a, 8c, 8d, or 9a. One out of the 25 transactions selected did not have evidence of approval, which is considered to be an exception to procedures 8b and 9b.

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

10. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
11. Using the listing prepared by management, randomly select five cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions noted for procedures 10 or 11. There was no receipt or other support for one out of the 60 transactions tested which is considered to be an exception to procedure 12. The missing receipt was for a grocery store purchase.

#### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

---

13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 those C/C areas identified in the SAUPs. 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 those C/C areas identified in the SAUPs, 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 LLA as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA  
June 9, 2020



## OFFICERS

Jean Champagne  
*Chair*

Patricia Meadowcroft  
*Vice Chair*

Marcia St. Martin  
*Secretary*

Richard Blum  
*Treasurer*

## DIRECTORS

Michael Bagot  
Carl Britt  
Benjamin Caplan  
Amy Cohen  
Frank Cole  
Justin Gremillion  
John Kinabrew  
Suzanne Terrell  
LaVerne Toombs  
Zoila Osteicoechea  
David Waggonner

Kristi Trail  
*Executive Director*

## AGREED-UPON PROCEDURES REPORT

Lake Pontchartrain Basin Foundation

Management Responses to the 2019 Statewide Agreed Upon Report and Recommendations

For the Period of January 1, 2019 – December 31, 2019

- **Collections**

### Exception Noted

The date of receipt of cash is not documented; therefore, it is not possible to determine the length of time between receipt and deposit. It is the policy of LPBF to deposit within 5 days of receipt.

### Management's Response

Management is not in agreement with this exception noted. Receipt of cash at the New Canal Lighthouse (NCLH) Museum is documented through LPBF's Point of Sale Register System (POS): "Shop Keep." Cash collected at on-site and off-site fundraising events are documented through LPBF's Point of Sale Register System (POS): "Square." In addition, all checks received by LPBF outside of the NCLH Museum are stamped with a received date by the Executive Assistant; therefore, date of receipt of cash is documented. Cash collected daily at the NCLH Museum is \$100 or less. Cash collected daily at the NCLH Museum is locked inside of a combination-lock fire-proof safe. Cash collected is deposited at the end of each week, within 5 days of receipt.

- **Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

**Exception Noted**

1 out of the 25 transactions selected did not have evidence of approval.

**Management's Response**

Management is in agreement with this exception noted.

LPBF implemented the use of GQUEUES Project Management Software to send out assignments to two identified Department Heads and/or Executive Director. Assigned Department Heads and/or Executive Director electronically record his or her approval in the invoice record within the Accounting Software which includes an electronic time stamp approval date. The assigned Department Head and/or Executive Director also electronically marks off the assignment complete in GQUEUES. Upon completion of two electronic review and approvals within GQUEUES, the Director of Finance and Accounting Assistant receives an e-mail from GQUEUES that the assignment has been completed. Electronic approval is required before checks can be processed. The Accounting Software will not allow checks to be processed without an electronic approval. In addition, all checks require two signatures.

- **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

**Exception Noted**

There was no receipt or other support for 1 out of the 60 transactions tested which is considered to be an exception to procedure.

**Management's Response**

Management is in agreement with this exception noted.

LPBF transitioned to the Expense/Credit Card Module within its Accounting Software. Each employee logs into the module, enters expenses, credit transactions, and uploads receipts. Department Heads log into the module and electronically approve for payment. In this module, invoices cannot be paid until approved. The Accounting Software will not allow checks to be processed without an electronic approval.

Sincerely,



Kristi Trail, P.E.  
Executive Director