

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2021

**LOWER MISSISSIPPI PORT-WDIE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

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June 30, 2021

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ACCOUNTANTS' COMPILATION REPORT

To Board of Directors
Lower Mississippi River Port-Wide
Strategic Security Council
Baton Rouge, Louisiana

Management is responsible for the accompanying statements of **LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL** (the Council) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the statements of financial position and statements of activities.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management. The information was subject to our compilation engagement, but we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to Lower Mississippi River Port-Wide Strategic Security Council.

A handwritten signature in black ink that reads "Faulk & Winkler, LLC".

Certified Public Accountants

Baton Rouge, Louisiana
October 6, 2021

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(See Accountants' Compilation Report)

ASSETS

CURRENT

Cash and cash equivalents	<u>\$ 2,064,979</u>
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NET ASSETS

NET ASSETS

With donor restrictions	<u>\$ 2,064,979</u>
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The accompanying notes to financial statements
are an integral part of this statement.

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES

For the year ended June 30, 2021

(See Accountants' Compilation Report)

REVENUE

State grants	<u>\$ 82,244</u>
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EXPENSES

Program services:

Project costs	72,884
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General and administrative:

Professional services	14,349
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Supplies	<u>451</u>
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Total expenses	<u>87,684</u>
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Decrease in net assets	(5,440)
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NET ASSETS - WITH DONOR RESTRICTIONS

Beginning of year	<u>2,070,419</u>
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End of year	<u>\$ 2,064,979</u>
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The accompanying notes to financial statements
are an integral part of this statement.

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

(See Accountants' Compilation Report)

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (5,440)
Adjustments for change in operating liabilities:	
Decrease in state funds held in custody	<u>(17,669)</u>
Net decrease in cash	(23,109)

CASH

Beginning of year	<u>2,088,088</u>
End of year	<u>\$ 2,064,979</u>

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

**LOWER MISSISSIPPI RIVER PORT-WIDE
STRATEGIC SECURITY COUNCIL**

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The Lower Mississippi River Port-Wide Strategic Security Council (the Council), is a consortium of the five contiguous deep-water ports located on the Lower Mississippi River. The Council includes the Port of Greater Baton Rouge, the Port of South Louisiana, the Port of New Orleans, the St. Bernard Port Harbor and Terminal District, and the Plaquemine Port Harbor and Terminal District.

The Council was formed during 2007 to compete for grant funding as a region from the Department of Homeland Security for security enhancements at the individual ports through the Port Security Grant Program. The Council's role is to provide regional coordination to attract and administer grant funding for the benefit of the consortium. In general, to qualify for the federal grants, a match of 25% of the grant amount is required, and the Council has sought State funds for the match requirement, if applicable.

Federal funding through consortiums was discontinued prior to July 1, 2016. For subsequent federal grants, member ports were able to receive the required 25% match for their federal grants from the State through existing appropriations dedicated to the Council. The grant revenue reported for the year ended June 30, 2021 results from such funding; however, such funding has been terminated for subsequent periods.

Basis of accounting

The Council prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation

The Council reports information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Council's net assets are restricted to expenditures related to funding of projects consistent with the initial terms of the grant agreement.

The statement of activities and functional expenses presents revenues by source and expenses functionally between program services, and general and administrative.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of financial statement reporting, the Council considers all cash and highly liquid short-term investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Concentrations of credit risk

The Council maintains its cash balances at a financial institution in which balances are insured by the FDIC up to \$250,000. The Council has maintained balances in excess of the insured limits; however, management believes the risk is limited.

Grant revenue recognition

Grants are provided as a match to federal funds as previously described. Restricted grants are reported as revenues if the terms are satisfied within the same year as received.

Net assets

The Council has adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and the type of information provided about expenses and investment return for not-for-profit entities. Net assets are reported as net assets without donor restrictions and as net assets with donor restrictions. Note 3 addresses the liquidity of funds.

Income tax status

The Council qualifies as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code; therefore, the financial statements have no provision for federal and state income tax. The Council files a Form 990 tax return in the U.S. federal jurisdiction. The Council follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management of the Council believes it has no material uncertain tax positions and has not recognized any liability for unrecognized tax benefits. The Council's open audit periods are 2018 through 2021.

Subsequent events

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through the date of the independent accountants' review report, October 6, 2021, which was the date the financial statements were available to be issued.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Since August 2014, the Council has been subject to an audit of program grants by the Office of Inspector General of the U.S. Department of Homeland Security (OIG). The initial findings of disallowed costs (\$9,200,000) have been vigorously refuted by the Council with considerable reduction of the initial findings as discussed below.

Currently, the OIG has a remaining \$1,111,000 of disallowed programing costs and has referred the matter for final determination to the FEMA office of the Chief Financial Officer. The Council intends to contest any final determination by available means. In any event, the ultimate outcome of this matter and its effect on the financial statements are undeterminable at this time.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Council's financial assets available within one year of the balance sheet date for general expenses at June 30, 2021 consists of cash and cash equivalents on hand. As a result, the Council has \$2,064,979 available for expenses that meet its contractual requirements.

As part of the Council's liquidity management, the Council maintains sufficient cash balances throughout the year through receiving grants from the State to support the Council's objective to provide security enhancements at the individual ports along the Mississippi River.

**LOWER MISSISSIPPI PORT-WIDE
STRATEGIC SECURITY COUNCIL**
Baton Rouge, Louisiana

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

For the year ended June 30, 2021

Agency Head: Carol Fitch, Grant Administrator

<u>Purpose</u>	<u>Amount</u>
Nonemployee compensation	<u>\$ 6,269</u>