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**LAKE PONTCHARTRAIN  
BASIN FOUNDATION**

**FINANCIAL REPORT**

**December 31, 2004 and 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
**Lake Pontchartrain Basin Foundation**  
Metairie, Louisiana

We have audited the accompanying Statements of Financial Position of Lake Pontchartrain Basin Foundation (the "Foundation") (a nonprofit organization) as of December 31, 2004 and 2003, and the related Statements of Activities, and Cash Flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2005, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The Schedule of Functional Expenses and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Foundation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Reboue & Company*

April 13, 2005

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## **FINANCIAL SECTION**

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2004 and 2003**

**ASSETS**

	<b>2004</b>	<b>2003</b>
		<b>(as restated)</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 335,693	\$ 381,919
Restricted cash for program expenditures	29,096	3,475
Investments	364,235	348,888
Grant receivable	82,509	82,996
Accrued interest/dividend receivable	1,042	456
Prepaid insurance	10,420	6,832
Total Current Assets	822,995	824,566
<b>OTHER ASSETS</b>		
Office furniture and equipment, net	75,543	80,470
Deposits	971	971
Total Other Assets	76,514	81,441
Total Assets	\$ 899,509	\$ 906,007

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ 5,000	\$ 26,184
Other liabilities	11,648	7,294
Total Liabilities	16,648	33,478
<b>NET ASSETS</b>		
Unrestricted	599,906	870,029
Temporarily restricted	280,455	-
Permanently restricted	2,500	2,500
Total Net Assets	882,861	872,529
Total Liabilities and Net Assets	\$ 899,509	\$ 906,007

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
For the Year Ended December 31, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Donations	\$ 54,027	\$ -	\$ -	\$ 54,027
Donated services	108,846	-	-	108,846
Donated use of office space	18,699	-	-	18,699
Fund raising events	183,626	-	-	183,626
Grants:				
EPA - LPBF		39,437		39,437
EPA - Gulf of Mexico	-	53,100	-	53,100
EPA - Northshore Wastewater Treatment	-	223,250	-	223,250
PRP - UNO Grant	-	538,000	-	538,000
Other - Restricted	-	70,649	-	70,649
Investment income	20,721	-	-	20,721
Membership sales	23,550	-	-	23,550
Merchandise sales	160	-	-	160
	<u>409,629</u>	<u>924,436</u>	<u>-</u>	<u>1,334,065</u>
Net assets released from restrictions	<u>643,981</u>	<u>(643,981)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>1,053,610</u>	<u>280,455</u>	<u>-</u>	<u>1,334,065</u>
<b>EXPENSES</b>				
Program Services:				
Environmental education	369,316	-	-	369,316
Scientific and field research	565,416	-	-	565,416
Total Program Services	<u>934,732</u>	<u>-</u>	<u>-</u>	<u>934,732</u>
Supporting Services:				
Fund raising	227,069	-	-	227,069
Management and general	141,048	-	-	141,048
Membership promotion	20,884	-	-	20,884
Total Supporting Services	<u>389,001</u>	<u>-</u>	<u>-</u>	<u>389,001</u>
Total Expenses	<u>1,323,733</u>	<u>-</u>	<u>-</u>	<u>1,323,733</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(270,123)	280,455	-	10,332
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>870,029</u>	<u>-</u>	<u>2,500</u>	<u>872,529</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 599,906</u>	<u>\$ 280,455</u>	<u>\$ 2,500</u>	<u>\$ 882,861</u>

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
For the Year Ended December 31, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Donations	\$ 44,234	\$ -	\$ -	\$ 44,234
Donated services	23,619	-	-	23,619
Donated use of office space	19,318	-	-	19,318
Fund raising events	239,238	-	-	239,238
Grants:				
EPA - Empact	-	6,258	-	6,258
EPA - Johnston Basin Clean-up 2	-	2,241	-	2,241
EPA - Northshore Wastewater Treatment	-	103,308	-	103,308
EPA - Pontchartrain	-	312,279	-	312,279
PRP - UNO Grant	-	463,038	-	463,038
Other - Restricted	-	126,305	-	126,305
Investment income	22,227	-	-	22,227
Membership sales	21,220	-	-	21,220
Merchandise sales	325	-	-	325
	<u>370,181</u>	<u>1,013,429</u>	<u>-</u>	<u>1,383,610</u>
Net assets released from restrictions	<u>1,021,330</u>	<u>(1,021,330)</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>1,391,511</u>	<u>(7,901)</u>	<u>-</u>	<u>1,383,610</u>
<b>EXPENSES</b>				
Program Services:				
Environmental education	419,337	-	-	419,337
Scientific and field research	440,881	-	-	440,881
<b>Total Program Services</b>	<u>860,218</u>	<u>-</u>	<u>-</u>	<u>860,218</u>
Supporting Services:				
Fund raising	143,693	-	-	143,693
Management and general	258,043	-	-	258,043
Membership promotion	1,260	-	-	1,260
<b>Total Supporting Services</b>	<u>402,996</u>	<u>-</u>	<u>-</u>	<u>402,996</u>
<b>Total Expenses</b>	<u>1,263,214</u>	<u>-</u>	<u>-</u>	<u>1,263,214</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	128,297	(7,901)	-	120,396
<b>NET ASSETS AT BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	<u>821,829</u>	<u>7,901</u>	<u>2,500</u>	<u>832,230</u>
<b>PRIOR PERIOD ADJUSTMENT - Overstatement of 2002 grant receivable</b>	<u>(80,097)</u>	<u>-</u>	<u>-</u>	<u>(80,097)</u>
<b>NET ASSETS AT BEGINNING OF YEAR AS RESTATED</b>	741,732	7,901	2,500	752,133
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>128,297</u>	<u>(7,901)</u>	<u>-</u>	<u>120,396</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 870,029</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 872,529</u>

See accompanying notes to the financial statements.



**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u> (as restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 10,332	\$ 120,396
Loss on disposal of office furniture and equipment	5,773	1,092
(Gain) loss on sale of investments	(1,453)	8,233
Unrealized (gain) loss on investments	(8,030)	(11,231)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	25,215	23,207
(Increase) decrease in:		
Accrued interest/dividend receivable	(586)	8,289
Prepaid expense	(3,588)	347
Grant receivable	487	56,276
Increase (decrease) in:		
Accrued liabilities	4,354	135
Accounts payable	(21,184)	(191,911)
Net cash provided by operating activities	<u>11,320</u>	<u>14,833</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(24,711)	(68,591)
Proceeds from sales of investments	18,847	47,350
Purchases of office furniture and equipment	(26,061)	(39,047)
Net cash used by investing activities	<u>(31,925)</u>	<u>(60,288)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(20,605)	(45,455)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>385,394</u>	<u>430,849</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 364,789</u>	<u>\$ 385,394</u>
<b>SHOWN ON THE ACCOMPANYING STATEMENT OF FINANCIAL POSITION AS:</b>		
Cash and cash equivalents	\$ 335,693	\$ 381,919
Restricted cash for program expenditures	29,096	3,475
	<u>\$ 364,789</u>	<u>\$ 385,394</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash Paid During the Year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2004 and 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION**

Lake Pontchartrain Basin Foundation, (the "Foundation") is a non-profit, publicly supported organization exempt from income taxes under Section 501 (c) (3) of the U.S. Internal Revenue Code. It was established and incorporated September 19, 1989 by Act 716 of the 1989 Louisiana Legislature and pursuant to the Nonprofit Corporation Law of the State of Louisiana for the purpose of the restoration and preservation of the environmental and ecological balance of the Lake Pontchartrain Basin.

The Foundation has established goals of attaining all water quality standards of Lake Pontchartrain and its major tributaries, and the protection and restoration of the Lake Pontchartrain Basin's natural resources. The Foundation will assist and coordinate efforts with federal, state and parish agencies to clean up and restore Lake Pontchartrain. The Foundation will also undertake programs and fund research in areas such as municipal runoff, sewage systems, industrial discharge, agricultural discharge, saltwater intrusion, erosion and restoration.

**BASIS OF ACCOUNTING**

The financial statements of the Foundation are prepared on the accrual basis of accounting.

**BASIS OF PRESENTATION**

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

**Permanently Restricted Net Assets** - Net assets that are subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation's programs.

**CASH EQUIVALENTS**

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2004 and 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CASH FLOW STATEMENT**

The Foundation had no non-cash financing and investing activities for the years ended December 31, 2004 and 2003.

**PUBLIC SUPPORT, REVENUE AND PLEDGES**

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

All contributions are considered available for unrestricted use unless specially restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

Other sources of revenue include grants, contracts, sales of merchandise and fund raising events.

**OFFICE FURNITURE AND EQUIPMENT**

It is the Foundation's policy to capitalize office furniture and equipment over \$500. Lesser amounts are expensed. Purchased office furniture and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Office furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the furniture and equipment, which range from 3 to 10 years.

**FUNCTIONAL ALLOCATION OF EXPENSES**

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

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2004 and 2003**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**COMPENSATED ABSENCES**

The Foundation has not accrued compensated absences such as vacation and sick leave. The amounts are estimated to be immaterial to the financial statements, taken as a whole.

**USE OF ESTIMATES**

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

**INVESTMENTS**

In 1996, the Foundation adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

**NOTE B - DONATED SERVICES AND OFFICE SPACE**

The value of donated services by volunteers is not reflected in the accompanying financial statements because they do not meet the criteria necessary to be recorded under the Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. SFAS No. 116 requires donated services to be recorded only if the recipient organization would have to purchase such services to maintain its operations or accomplish its mission. Although the time contributed by volunteers is not recorded in the accompanying financial statements, it should be noted that a substantial number of volunteers have donated significant amounts of their time to the Foundation's fund raising events.

The Foundation also receives various donated professional services, facilities, and materials, including the match portion of the federal grants, which are recorded in the accompanying financial statements as donated services because they enhance financial assets, require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Those considered most significant include donated professional services and free use of a portion of its office facilities, parking and utilities. During the years ended December 31, 2004 and 2003, the value of the professional services and rental value of the facilities, was \$127,545 and \$42,937, respectively. These amounts have been reflected in the accompanying financial statements as revenue and other support with a like amount included in supporting services as management and general expenses.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Years Ended December 31, 2004 and 2003

**NOTE C - GRANT RECEIVABLE**

Grant receivable at December 31st is made up of the following:

	2004	2003
EPA	\$ 82,509	\$ 82,996

All grant receivables are deemed collectible. Therefore, the Foundation does not record an allowance for doubtful accounts.

**NOTE D - OFFICE FURNITURE AND EQUIPMENT**

Office furniture and equipment consist of the following:

	2004	2003
Computer Equipment	\$ 66,053	\$ 54,219
Furniture and Fixtures	25,056	27,243
Boat and Other Program Equipment	85,598	90,508
	176,706	171,970
Accumulated Depreciation	(101,164)	(91,500)
	\$ 75,543	\$ 80,470

Depreciation expense for 2004 and 2003 was \$25,215 and \$23,207, respectively.

**NOTE E - RESTRICTED ASSETS**

EPA Grant

In accordance with the EPA grant agreements, the Foundation is required to maintain separate checking accounts for which the use is restricted to the purpose of the grants.

Lake Pontchartrain Basin Foundation Endowment Fund

Investments include \$2,500 which represents the permanently restricted portion of the endowment fund investment account which was established through the Greater New Orleans Foundation.

Save Our Lake Endowment

The Save Our Lake Endowment Trust was created on January 20, 1998 as a 501(c)(3) organization. The purposes of the Trust are the restoration and preservation of the environmental and ecological balance of the Lake Pontchartrain Basin. In furtherance of these purposes, the Trust will promote the establishment, management and growth of the Endowment Fund for the exclusive benefit of the Lake Pontchartrain Basin Foundation. All activities of the Trust, as well as Lake Pontchartrain Basin Foundation, are engaged in exclusively for purposes described in

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2004 and 2003**

**NOTE E - RESTRICTED ASSETS (CONTINUED)**

Section 501(c)(3) and Section 170(c)(2)(B) of the Internal Revenue Code and the regulations issued thereunder. The Trustees may, within their sole discretion, retain all or part of any of the Trust income for the purpose of investment in the Endowment Fund or may distribute the income to the Lake Pontchartrain Basin Foundation. At December 31, 1999, the Trust income and principal was shown as a transfer to the Save Our Lake Endowment since the Trust is maintained as a 501(c) (3) organization separate from the Foundation.

**NOTE F - LEASE COMMITMENT**

The Foundation leased a copier under an operating lease which expired September 30, 2003.

Rent expense was \$0 and \$1,378 for the years ended December 31, 2004 and 2003, respectively.

**NOTE G - PENSION PLAN**

Effective July 1, 1999, the Foundation adopted a 401(k) plan covering all employees who have completed a minimum of one year of service regardless of age. Plan participants may contribute to the plan, and the Foundation may make matching contributions of up to 5%. The Foundation's contributions to the plan were \$10,121 and \$9,336 for the years ended December 31, 2004 and 2003, respectively.

**NOTE H - INDIRECT COST**

The EPA grant revenue includes an indirect cost allocation. The amounts of indirect costs reimbursed included in revenue were \$35,666 and \$13,694 for the years ended December 31, 2004 and 2003, respectively.

**NOTE I - INVESTMENTS**

As required by SFAS No. 124, investments are recorded at fair value and consist of the following as of December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Stocks and Bonds	\$ 66,315	\$ 60,801
Mutual Funds	<u>297,920</u>	<u>288,087</u>
Total Investments	<u>\$364,235</u>	<u>\$348,888</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Years Ended December 31, 2004 and 2003

**NOTE I - INVESTMENTS (CONTINUED)**

The following schedule summarizes the investment income and its classification in the Statement of Activities for the years ended December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Interest/dividend income	\$ 11,089	\$ 19,229
Realized gain (loss)	1,453	(8,233)
Unrealized gain	<u>8,179</u>	<u>11,231</u>
Total Investment Income	<u>\$ 20,721</u>	<u>\$ 22,227</u>

All investment income was classified as unrestricted in the Statement of Activities.

**NOTE J - CONCENTRATION OF RISK**

The Foundation has a significant amount of revenue received from the Environmental Protection Agency (EPA). The majority of the Foundation's support is received from EPA grants. In both 2004 and 2003, 64% of the Foundation's total support and revenue was derived from EPA grants.

At December 31, 2004 and 2003, the Foundation had deposit accounts with account balances totaling \$147,130 and \$158,206, respectively, of which \$129,119 and \$130,521 was insured by the Federal Deposit Insurance Corporation.

**NOTE K - RECLASSIFICATIONS**

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**NOTE L - PRIOR PERIOD ADJUSTMENT**

Net assets at the beginning of 2003 have been adjusted to correct an overstatement of grant receivables made in 2002. The overstatement had no effect on net income for 2003.

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## **SUPPLEMENTARY INFORMATION**



**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2004

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Salaries	\$ 87,621	\$ 217,047	\$ 51,087	\$ 48,558	\$ 9,837	\$ 414,150
Back to the Beach	-	-	110,722	-	-	110,722
Fringe benefits and payroll taxes	21,151	32,749	13,084	10,226	2,630	79,840
PRP WE3 - Sewerage Assistant	12,661	50,644	-	-	-	63,305
Donated Services - Match	12,535	50,142	-	-	-	62,677
Miscellaneous Programs/Projects	62,233	-	-	-	-	62,233
PRP WE2 - Lagoon Clean Out	12,064	48,255	-	-	-	60,319
Rent	13,940	21,433	5,980	5,232	1,345	47,930
Donated Services	16,159	16,159	-	13,850	-	46,168
Indirect costs	14,266	21,399	-	-	-	35,665
PRP WE4 - Outreach	25,834	-	-	-	-	25,834
Outside/Professional Services	9,193	8,423	1,297	4,979	205	24,097
GOMP - Lab Fees	4,150	16,600	-	-	-	20,750
Telephone	4,458	7,007	3,663	3,205	824	19,157
Donated Use of Facilities	-	-	-	18,699	-	18,699
PRP WE1 - Water Quality	3,694	14,774	-	-	-	18,468
Mandeville Wetland	17,528	-	-	-	-	17,528
PRP WE4 - Access	17,125	-	-	-	-	17,125
Miscellaneous Expenses	1,207	1,960	1,160	9,266	688	14,281
Computer Maintenance	3,371	5,168	-	2,663	-	11,202
Printing and Postage	1,086	1,784	3,023	3,708	1,228	10,829
Supplies and equipment	2,606	4,028	-	2,873	-	9,507
Insurance	1,625	2,651	968	3,957	210	9,411
Reef Project	1,707	6,827	-	-	-	8,534
Vehicle	3,339	5,010	-	-	-	8,349
Golf Tournament	-	-	7,667	-	-	7,667
Travel	2,196	4,084	-	1,200	-	7,480
Pearl River	-	7,381	-	-	-	7,381
Northshore Party	-	-	6,727	-	-	6,727
Seminars and Conferences	2,303	2,878	418	50	-	5,649
Bayou Trepagnier/LaBranche	-	5,599	-	-	-	5,599
Monsanto III	5,000	-	-	-	-	5,000
GOMP - Mileage	985	3,941	-	-	-	4,926
Parking	1,232	1,894	420	1,089	-	4,635
Southshore Party	-	-	4,423	-	-	4,423
Rodeo	-	-	4,187	-	-	4,187
DHH	817	3,266	-	-	-	4,083
Newsletter	-	-	1,648	-	1,648	3,296
Environmental Issues	3,066	-	-	-	-	3,066
Dues and subscriptions	46	101	250	771	-	1,168
<b>Subtotal</b>	<b>\$ 365,198</b>	<b>\$ 561,204</b>	<b>\$ 216,724</b>	<b>\$ 130,326</b>	<b>\$ 18,615</b>	<b>\$ 1,292,067</b>

(Continued)

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)**  
**For the Year Ended December 31, 2004**

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Subtotal from previous page	\$ 365,198	\$ 561,204	\$ 216,724	\$ 130,326	\$ 18,615	\$ 1,292,067
Bank Charges	58	128	-	980	-	1,166
Reef Project #2	209	835	-	-	-	1,044
Staff Resources	73	143	-	811	-	1,027
PRP WE4 - Habitat	929	-	-	-	-	929
Beach Sweep	871	-	-	-	-	871
Shell	140	557	-	-	-	697
Education Support	348	-	-	-	-	348
Exxon Mobile - Brochure	223	-	-	-	-	223
Poster Sales	-	-	182	-	-	182
Entertainment	2	4	77	32	-	115
Taxes and Licenses	4	10	-	74	-	88
Basics of the Basin	-	(239)	-	-	-	(239)
Total expenses before depreciation	368,055	562,642	216,983	132,223	18,615	1,298,518
Depreciation	1,261	2,774	10,086	8,825	2,269	25,215
Total expenses	<u>\$ 369,316</u>	<u>\$ 565,416</u>	<u>\$ 227,069</u>	<u>\$ 141,048</u>	<u>\$ 20,884</u>	<u>\$ 1,323,733</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUPPLEMENTARY INFORMATION**

**BUDGET TO ACTUAL COMPARISON  
For the Year Ended December 31, 2004**

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Donations	\$ 54,027	\$ 45,000	\$ 9,027
Donated services	108,846	-	108,846
Donated use of office space	18,699	-	18,699
Fund raising events	183,626	245,000	(61,374)
Grants:			
EPA - GOMP	53,100	53,100	-
EPA - Northshore Wastewater Treatment	223,250	223,250	-
EPA - LPBF	39,437	39,437	-
PRP - UNO Grant	538,000	480,000	58,000
Other - Restricted	70,649	60,000	10,649
Investment return	20,721	30,000	(9,279)
Membership sales	23,550	27,000	(3,450)
Merchandise sales	160	2,000	(1,840)
Other	-	23,000	(23,000)
	<u>1,334,065</u>	<u>1,227,787</u>	<u>106,278</u>
<b>EXPENSES</b>			
Program Services:			
Environmental education	369,316	571,497	202,181
Scientific and field research	565,416	561,104	(4,312)
	<u>934,732</u>	<u>1,132,601</u>	<u>197,869</u>
Supporting Services:			
Fund raising	227,069	133,000	(94,069)
Management and general	141,048	183,400	42,352
Membership promotion	20,884	3,000	(17,884)
	<u>389,001</u>	<u>319,400</u>	<u>(69,601)</u>
	<u>1,323,733</u>	<u>1,452,001</u>	<u>128,268</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ 10,332</u>	<u>\$ (224,214)</u>	<u>\$ 234,546</u>

**SINGLE AUDIT SECTION**

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## **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***

To the Board of Directors  
**Lake Pontchartrain Basin Foundation**

We have audited the financial statements of Lake Pontchartrain Basin Foundation (the "Foundation") (a nonprofit organization) as of and for the year ended December 31, 2004, and have issued our report thereon dated April 13, 2005. We conducted our audit 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of 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 statements 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*.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

April 13, 2005

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
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## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
**Lake Pontchartrain Basin Foundation**

### **Compliance**

We have audited the compliance of Lake Pontchartrain Basin Foundation (the "Foundation") (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

## **Internal Control Over Compliance**

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by an error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

April 13, 2005



**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2004**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Grant Period		Total Grant Award	2004		Total Expenditures To Date
			From	Through		Federal Revenue Recognized	Federal Expenditures	
United States Environmental Protection Agency								
Gulf of Mexico Program	66.475	MX97482803-1	7/1/2003	12/31/2004	\$ 53,100	\$ 53,100	\$ 53,100	\$ 53,100
Lake Pontchartrain Basin Foundation Grant	66.436	X7976724-01-1	9/1/2004	7/30/2006	745,600	10,350	10,350	10,350
Northshore Wastewater Treatment	66.606	XP986299-01-7	08/12/99	6/1/2005	2,200,000	226,716	1,512,873	1,512,873
Pass-through University of New Orleans - PRP Projects	66.606	X-97643301-0	6/25/2003	8/31/2006	660,000	472,259	472,259	472,259
<b>Totals</b>					<b>\$ 3,658,700</b>	<b>\$ 762,425</b>	<b>\$ 853,787</b>	<b>\$ 2,048,582</b>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Foundation has met the qualifications for the respective grants. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

**ACCRUED AND DEFERRED REIMBURSEMENT**

Various reimbursement procedures are used for federal awards received by the Foundation. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2004**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Foundation.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions in internal control over major federal award programs disclosed during the audit are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the Foundation expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Gulf of Mexico	66.475
Lake Pontchartrain Basin Foundation	66.436
Northshore Wastewater Treatment	66.606
PRP Projects (UNO)	66.606

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Foundation qualified as a low-risk auditee.
10. A management letter was not issued for the year ended December 31, 2004.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

There were no findings related to the financial statements for the year ended December 31, 2004.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended December 31, 2004**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

There were no findings related to federal awards for the year ended December 31, 2004.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2004**

There were no audit findings reported in the prior year.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2004**

There were no findings in the current year; therefore, a management's corrective action plan is not required.