

**LAKE PONTCHARTRAIN  
BASIN FOUNDATION**

**FINANCIAL REPORT**

**December 31, 2007 and 2006**

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 7/30/08

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## **INDEPENDENT AUDITOR'S REPORT**

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, 2007 and 2006, 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, 2007 and 2006, 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 May 16, 2008 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 accompanying Schedules 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.

*Rebowe & Company*

May 16, 2008

**FINANCIAL SECTION**

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2007 and 2006**

**ASSETS**

	<b>2007</b>	<b>2006</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 878,828	\$ 575,447
Cash restricted for program expenditures	59,620	14
Investments	333,555	321,695
Grant receivable	40,422	-
Accrued interest/dividend receivable	1,042	1,042
Prepaid insurance	2,223	2,231
Total Current Assets	1,315,690	900,429
<b>OTHER ASSETS</b>		
Office furniture and equipment, net	76,336	77,367
Deposits	-	971
Total Other Assets	76,336	78,338
Total Assets	\$ 1,392,026	\$ 978,767

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 68,924	\$ 11,466
Total Liabilities	68,924	11,466
<b>NET ASSETS</b>		
Unrestricted	1,274,979	960,286
Temporarily restricted	45,623	4,515
Permanently restricted	2,500	2,500
Total Net Assets	1,323,102	967,301
Total Liabilities and Net Assets	\$ 1,392,026	\$ 978,767

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ended December 31, 2007**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Donations	\$ 299,735	\$ -	\$ -	\$ 299,735
Donated services	325,921	-	-	325,921
Donated use of office space	24,519	-	-	24,519
Fund raising events	301,167	-	-	301,167
Grants:				
EPA - LPBF		527,909		527,909
EPA - Gulf of Mexico	-	62,535	-	62,535
EPA - PRP	-	35,300	-	35,300
NRCS	-	220,499	-	220,499
EPA - TWS	-	235,115	-	235,115
Other - Restricted	-	352,989	-	352,989
Investment income	33,831	-	-	33,831
Membership sales	30,250	-	-	30,250
Merchandise sales	1,934	-	-	1,934
Miscellaneous income	1,503	-	-	1,503
	<u>1,018,860</u>	<u>1,434,347</u>	<u>-</u>	<u>2,453,207</u>
Net assets released from restrictions	<u>1,393,239</u>	<u>(1,393,239)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>2,412,099</u>	<u>41,108</u>	<u>-</u>	<u>2,453,207</u>
<b>EXPENSES</b>				
Program Services:				
Environmental education	349,409	-	-	349,409
Scientific and field research	1,119,019	-	-	1,119,019
Total Program Services	<u>1,468,428</u>	<u>-</u>	<u>-</u>	<u>1,468,428</u>
Supporting Services:				
Fund raising	280,733	-	-	280,733
Management and general	306,228	-	-	306,228
Membership promotion	42,017	-	-	42,017
Total Supporting Services	<u>628,978</u>	<u>-</u>	<u>-</u>	<u>628,978</u>
Total Expenses	<u>2,097,406</u>	<u>-</u>	<u>-</u>	<u>2,097,406</u>
<b>INCREASE IN NET ASSETS</b>	314,693	41,108	-	355,801
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>960,286</u>	<u>4,515</u>	<u>2,500</u>	<u>967,301</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,274,979</u>	<u>\$ 45,623</u>	<u>\$ 2,500</u>	<u>\$ 1,323,102</u>

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ended December 31, 2006**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Donations	\$ 58,086	\$ -	\$ -	\$ 58,086
Donated services	361,918	-	-	361,918
Donated use of office space	23,033	-	-	23,033
Fund raising events	340,300	-	-	340,300
Grants:				
EPA - LPBF	-	724,368	-	724,368
EPA - Gulf of Mexico	-	40,809	-	40,809
EPA - Northshore Wastewater Treatment	-	50,314	-	50,314
NRCS	-	302,388	-	302,388
EPA - TWS	-	117,238	-	117,238
Other - Restricted	-	226,488	-	226,488
Investment income	34,252	-	-	34,252
Membership sales	24,325	-	-	24,325
Merchandise sales	2,181	-	-	2,181
	<u>844,095</u>	<u>1,461,605</u>	<u>-</u>	<u>2,305,700</u>
Net assets released from restrictions	<u>1,534,271</u>	<u>(1,534,271)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>2,378,366</u>	<u>(72,666)</u>	<u>-</u>	<u>2,305,700</u>
<b>EXPENSES</b>				
Program Services:				
Environmental education	215,680	-	-	215,680
Scientific and field research	1,339,157	-	-	1,339,157
Total Program Services	<u>1,554,837</u>	<u>-</u>	<u>-</u>	<u>1,554,837</u>
Supporting Services:				
Fund raising	233,378	-	-	233,378
Management and general	269,855	-	-	269,855
Membership promotion	29,315	-	-	29,315
Total Supporting Services	<u>532,548</u>	<u>-</u>	<u>-</u>	<u>532,548</u>
Total Expenses	<u>2,087,385</u>	<u>-</u>	<u>-</u>	<u>2,087,385</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	290,981	(72,666)	-	218,315
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>669,305</u>	<u>77,181</u>	<u>2,500</u>	<u>748,986</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 960,286</u>	<u>\$ 4,515</u>	<u>\$ 2,500</u>	<u>\$ 967,301</u>

See accompanying notes to the financial statements.



**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 355,801	\$ 218,315
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Loss on disposal of office furniture and equipment	4,184	103
Gain on sale of investments	(279)	(154)
Unrealized loss (gain) on investments	7,955	(8,780)
Depreciation	29,425	30,183
Decrease (increase) in:		
Prepaid insurance and deposits	979	-
Grant receivable	(40,422)	-
Increase (decrease) in:		
Accounts payable and other liabilities	57,458	(306)
Net cash provided by operating activities	<u>415,101</u>	<u>239,361</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(101,009)	(283,335)
Proceeds from sales of investments	81,473	289,976
(Purchases) sales of office furniture and equipment, net	(32,578)	25,914
Net cash provided by (used by) investing activities	<u>(52,114)</u>	<u>32,555</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	362,987	271,916
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>575,461</u>	<u>303,545</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 938,448</u>	<u>\$ 575,461</u>
<b>SHOWN ON THE ACCOMPANYING STATEMENT OF FINANCIAL POSITION AS:</b>		
Cash and cash equivalents	\$ 878,828	\$ 575,447
Cash restricted for program expenditures	59,620	14
	<u>\$ 938,448</u>	<u>\$ 575,461</u>

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2007 and 2006**

**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 including its coast. The Foundation will assist and coordinate efforts with federal, state and parish agencies to clean up and restore the Lake Pontchartrain Basin. 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 habitat 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.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2007 and 2006**

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

**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.

**CASH FLOW STATEMENT**

The Foundation had no non-cash financing and investing activities for the years ended December 31, 2007 and 2006.

**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 all individual office furniture and equipment acquisitions 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.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2007 and 2006**

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

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.

**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

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Years Ended December 31, 2007 and 2006

**NOTE B - DONATED SERVICES AND OFFICE SPACE (CONTINUED)**

donated professional services and free use of a portion of its office facilities, parking and utilities. During the years ended December 31, 2007 and 2006, the value of the professional services and rental value of the facilities, was \$350,440 and \$384,951, 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.

**NOTE C - OFFICE FURNITURE AND EQUIPMENT**

Office furniture and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
Computer Equipment	\$ 66,665	\$ 67,978
Furniture and Fixtures	26,472	25,060
Boat and Other Program Equipment	<u>146,023</u>	<u>124,966</u>
	239,160	218,004
Accumulated Depreciation	<u>(162,824)</u>	<u>(140,637)</u>
	<u>\$ 76,336</u>	<u>\$ 77,367</u>

Depreciation expense for 2007 and 2006 was \$29,425 and \$30,183, respectively.

**NOTE D - 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

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Years Ended December 31, 2007 and 2006

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

as Lake Pontchartrain Basin Foundation, are engaged in exclusively for purposes described in 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 E- 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 \$12,795 and \$11,043 for the years ended December 31, 2007 and 2006, respectively.

**NOTE F - INDIRECT COST**

The EPA grant revenue includes an indirect cost allocation. The amounts of indirect costs reimbursed included in revenue were \$84,078 and \$106,206 for the years ended December 31, 2007 and 2006, respectively.

**NOTE G - DEPOSITS AND INVESTMENTS**

As required by SFAS No. 124, investments are recorded at fair value and consist of the following as of December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Stock - Mutual Funds	<u>\$ 333,555</u>	<u>\$ 321,695</u>
Total Investments	<u>\$ 333,555</u>	<u>\$ 321,695</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Years Ended December 31, 2007 and 2006

**NOTE G - DEPOSITS AND INVESTMENTS (CONTINUED)**

The following schedule summarizes the investment income and its classification in the Statement of Activities for the years ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Interest/dividend income	\$ 41,507	\$ 25,318
Realized gain	279	154
Unrealized gain (loss)	<u>(7,955)</u>	<u>8,780</u>
Total Investment Income	<u>\$ 33,831</u>	<u>\$ 34,252</u>

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

Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Foundation has limited its risk by investing in mutual funds containing investments with varying maturity dates.

Credit Risk

State statutes authorize the Foundation to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP). The Foundation has no investment policy that would further limit its investment choices. As of December 31, 2006 and 2005, the Foundation had no investments in debt securities.

Concentration of Credit Risk

The Foundation places no limit on the amount the Foundation may invest in any one issuer. As of December 31, 2006 and 2005, 100% of the Foundation's investments were in mutual funds.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation does not have a deposit policy for custodial credit risk. As of December 31, 2007, \$357,404 of the Foundation's bank balances of \$971,404 was exposed to custodial credit risk as they were uninsured and uncollateralized. As of December 31, 2006 \$245,370 of the Foundation's bank balances of \$445,370 were exposed to custodial credit risk as they were uninsured and uncollateralized.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2007 and 2006**

**NOTE H - 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 2007 and 2006, 35% and 40%, respectively, of the Foundation's total support and revenue was derived from EPA grants.



**SUPPLEMENTARY INFORMATION**

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2007

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Salaries	\$ 124,292	\$ 186,248	\$ 64,715	\$ 123,348	\$ 21,707	\$ 520,310
Donated Services - Match	-	296,784	-	-	-	296,784
Donated Services	-	-	-	29,137	-	29,137
Donated Use of Facilities	-	-	-	24,519	-	24,519
Outside/Professional Services	20,928	186,098	1,578	6,103	284	214,991
Back to the Beach	-	-	105,344	-	-	105,344
Fringe benefits and payroll taxes	24,094	36,615	13,434	23,492	5,199	102,834
Indirect costs	26,905	40,358	-	16,816	-	84,079
Misc Project Supplies/Equipment	1,084	2,339	-	-	-	3,423
Natural Resources Conservation						
Service - Lagoon Clean-out	-	85,035	-	-	-	85,035
Natural Resources Conservation						
Service - Lagoon Decommissioning	-	99,580	-	-	-	99,580
Lighthouse Insurance	6,290	-	-	-	-	6,290
Lighthouse Taxes	586	-	-	-	-	586
Lighthouse Postage	248	-	-	-	-	248
Lighthouse Utilities	293	-	-	-	-	293
Lighthouse Bank/Service Fees	772	-	-	-	-	772
Lighthouse Meetings/Conferences	226	-	-	-	-	226
Lighthouse Miscellaneous	761	-	-	-	-	761
Lighthouse Professional Services	60,479	-	-	-	-	60,479
Lighthouse Legal Services	125	-	-	-	-	125
Lighthouse Events	69	-	-	-	-	69
Lighthouse Wooden Plaques	968	-	-	-	-	968
Lighthouse Bowen Jewelers	2,376	-	-	-	-	2,376
Lighthouse Campaign	-	-	(238)	-	-	(238)
Posters Expense	-	-	1,189	-	-	1,189
Rent	14,582	22,205	8,414	15,009	2,657	62,867
Telephone	3,349	5,224	5,079	5,651	1,604	20,907
Property Taxes	935	1,403	-	584	-	2,922
Travel	7,137	9,109	1,266	4,663	400	22,575
Supplies and equipment	5,985	8,979	-	3,741	-	18,705
Golf Tournament	-	-	10,950	-	-	10,950
Computer Maintenance	4,072	6,263	3,914	5,288	1,236	20,773
Printing and Postage	9,701	14,571	6,069	9,792	1,644	41,777
Office Supplies	-	-	-	4,562	-	4,562
Miscellaneous Expenses	425	716	4,097	4,706	958	10,902
Vehicle	1,515	1,515	-	-	-	3,030
Southshore Party	-	-	6,841	-	-	6,841
Northshore Party	-	-	9,491	-	-	9,491
Insurance	7,306	9,235	866	5,172	274	22,853
Rodeo	-	-	5,029	-	-	5,029
Run	-	-	1,155	-	-	1,155
Newsletter	320	549	1,739	1,419	549	4,576
Parking	1,015	1,562	386	2,340	317	5,620
<b>Subtotal</b>	<b>\$ 326,838</b>	<b>\$ 1,014,388</b>	<b>\$ 251,318</b>	<b>\$ 286,342</b>	<b>\$ 36,829</b>	<b>\$ 1,915,715</b>

(Continued)

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)**  
**For the Year Ended December 31, 2007**

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Subtotal from previous page	\$ 326,838	\$ 1,014,388	\$ 251,318	\$ 286,342	\$ 36,829	\$ 1,915,715
Beach Sweep	-	-	9,055	-	-	9,055
Cypress Grant	(1,497)	-	-	-	-	(1,497)
Levant Grant	1,458	2,500	7,917	6,458	2,500	20,833
McKnight Coastal	-	61,415	-	-	-	61,415
Basics of the Basin	-	157	-	-	-	157
Bayou Trepagnier/LaBranche	-	5,193	-	-	-	5,193
Shell BuckTown Marshes	-	4,950	-	-	-	4,950
DHH	-	7,527	-	-	-	7,527
Mandeville Wetland	-	9,691	-	-	-	9,691
Reef Project #2	-	1,164	-	-	-	1,164
Lighthouse Restoration	20,000	-	-	-	-	20,000
Levee Group	-	1,212	-	-	-	1,212
Environmental Issues	-	6,070	-	-	-	6,070
Education Support	131	-	-	-	-	131
Staff Resources	41	61	-	1,553	-	1,655
Seminars and Conferences	943	1,414	314	589	-	3,260
Dues and subscriptions	-	-	-	884	-	884
Bank Charges	18	31	97	79	31	256
Entertainment	6	9	30	24	9	78
Taxes and Licenses	-	-	232	-	-	232
Total expenses before depreciation	347,938	1,115,782	268,963	295,929	39,369	2,067,981
Depreciation	1,471	3,237	11,770	10,299	2,648	29,425
Total expenses	<u>\$ 349,409</u>	<u>\$ 1,119,019</u>	<u>\$ 280,733</u>	<u>\$ 306,228</u>	<u>\$ 42,017</u>	<u>\$ 2,097,406</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2006

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Salaries	\$ 84,010	\$ 213,327	\$ 48,668	\$ 97,263	\$ 14,004	\$ 457,272
Donated Services - Match	-	327,883	-	-	-	327,883
Outside/Professional Services	44,356	135,189	1,117	17,560	200	198,422
NRCS Model Farms	-	189,691	-	-	-	189,691
Indirect Costs	24,427	63,723	-	18,055	-	106,205
Back to the Beach	-	-	100,149	-	-	100,149
Fringe Benefits and Payroll Taxes	16,812	42,725	11,782	21,283	3,411	96,013
NRCS Lagoon Decommissioning	-	60,886	-	-	-	60,886
Rent	9,144	23,240	6,375	11,550	1,845	52,154
NRCS Lagoon Clean Out	-	42,255	-	-	-	42,255
NS Project #2 Fluker	-	40,470	-	-	-	40,470
Donated Services	-	-	-	34,035	-	34,035
Misc Projects Supplies/Equipment	1,485	26,537	-	-	-	28,022
Insurance	8,402	13,339	1,644	3,577	476	27,438
Travel	5,757	13,650	889	4,528	257	25,081
Supplies and Equipment	4,376	11,415	-	8,451	-	24,242
Donated Use of Facilities	-	-	-	23,033	-	23,033
Printing and Postage	3,332	8,639	1,304	4,877	2,303	20,455
Telephone	2,297	5,537	4,719	5,245	1,366	19,164
Computer Maintenance	3,664	9,201	2,441	2,120	707	18,133
LPBF 3 - Sewerage	-	16,251	-	-	-	16,251
LPBF 5 - Coastal	-	15,040	-	-	-	15,040
LPBF 1 - Water Quality	-	9,307	-	-	-	9,307
LPBF 4 - Outreach (Ed)	-	10,360	-	-	-	10,360
Shell	-	10,071	-	-	-	10,071
Golf Tournament	-	-	9,944	-	-	9,944
Miscellaneous Expenses	943	2,271	2,938	2,306	990	9,448
LPBF 4 - Access	-	8,813	-	-	-	8,813
Beach Sweep	-	-	7,581	-	-	7,581
Reef Project #2	-	7,000	-	-	-	7,000
Northshore Party	-	-	6,743	-	-	6,743
Southshore Party	-	-	6,720	-	-	6,720
Coastal Zone Conference 05	-	6,226	-	-	-	6,226
Property Taxes	1,271	3,316	-	940	-	5,527
Environmental Issues	-	4,990	-	-	-	4,990
Parking	653	1,620	185	2,000	251	4,709
Vehicle/Boat	2,009	2,009	-	-	-	4,018
Seminars and Conferences	858	2,360	18	634	-	3,870
Rodeo	-	-	3,674	-	-	3,674
Newsletter	183	366	1,160	1,007	336	3,052
Basics of the Basin	-	2,904	-	-	-	2,904
McKnight Coastal	-	2,811	-	-	-	2,811
Cypress Brochure	-	1,208	-	-	-	1,208
<b>Subtotal</b>	<b>\$ 213,979</b>	<b>\$ 1,334,630</b>	<b>\$ 218,051</b>	<b>\$ 258,464</b>	<b>\$ 26,146</b>	<b>\$ 2,051,270</b>

(Continued)

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)**  
**For the Year Ended December 31, 2006**

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Subtotal from previous page	\$ 213,979	\$ 1,334,630	\$ 218,051	\$ 258,464	\$ 26,146	\$ 2,051,270
Run	-	-	1,200	-	-	1,200
Dues and Subscriptions	-	-	270	508	370	1,148
Lighthouse Campaign Expenses	-	-	858	-	-	858
Poster Sales	-	-	509	-	-	509
Taxes and Licenses	28	55	175	152	51	461
Staff Resources	96	250	-	71	-	417
Brochure - Exxon Mobile	-	301	-	-	-	301
Reef Project	-	291	-	-	-	291
Bank Charges	13	27	85	74	25	224
Entertainment	4	8	157	22	7	198
LPBF 4 - Habitat	-	175	-	-	-	175
Bayou Trepaginer/LaBranche	-	100	-	-	-	100
Education Support	51	-	-	-	-	51
Total expenses before depreciation	214,171	1,335,837	221,305	259,291	26,599	2,057,203
Depreciation	1,509	3,320	12,073	10,564	2,716	30,182
Total expenses	<u>\$ 215,680</u>	<u>\$ 1,339,157</u>	<u>\$ 233,378</u>	<u>\$ 269,855</u>	<u>\$ 29,315</u>	<u>\$ 2,087,385</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUPPLEMENTARY INFORMATION**

**BUDGET TO ACTUAL COMPARISON  
For the Year Ended December 31, 2007**

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Donations	\$ 299,735	\$ 40,000	\$ 259,735
Donated services	325,921	-	325,921
Donated use of office space	24,519	-	24,519
Fund raising events	301,167	225,000	76,167
Grants:			
EPA - GOMP	62,535	120,250	(57,715)
EPA - PRP	35,300	35,000	300
EPA - LPBF	527,909	639,936	(112,027)
EPA - TWS	235,115	285,000	(49,885)
NRCS	220,499	37,500	182,999
Other - Restricted	352,989	181,000	171,989
Investment return	33,831	30,000	3,831
Membership sales	30,250	25,000	5,250
Merchandise sales	1,934	1,000	934
Other	1,503	18,000	(16,497)
	<u>2,453,207</u>	<u>1,637,686</u>	<u>815,521</u>
<b>EXPENSES</b>			
Program Services:			
Environmental education	349,409	413,129	63,720
Scientific and field research	1,119,019	619,693	(499,326)
	<u>1,468,428</u>	<u>1,032,822</u>	<u>(435,606)</u>
Supporting Services:			
Fund raising	280,733	153,500	(127,233)
Management and general	306,228	356,500	50,272
Membership promotion	42,017	10,000	(32,017)
	<u>628,978</u>	<u>520,000</u>	<u>(108,978)</u>
Total Expenses	<u>2,097,406</u>	<u>1,552,822</u>	<u>(544,584)</u>
<b>INCREASE IN NET ASSETS</b>	<u>\$ 355,801</u>	<u>\$ 84,864</u>	<u>\$ 270,937</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**  
Metairie, Louisiana

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, 2007, and have issued our report thereon dated May 16, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Foundation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **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.

*Rebowe & Company*

May 16, 2008

# REBOWE & COMPANY

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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**  
Metairie, Louisiana

### **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, 2007. 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, 2007.

**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, 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 control deficiency in the Foundation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Foundation's internal control

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Foundation's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

*Reboue & Company*

May 16, 2008

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2007**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Grant Period		Total Grant Award	2007 Federal Revenue Recognized	2007 Federal Expenditures	Total Expenditures To Date
			From	Through				
<b>United States</b>								
<b>Environmental</b>								
<b>Protection Agency</b>								
Gulf of Mexico Program 2005	66.475	MX-96423405-0	9/1/2005	12/31/2007	\$ 100,000	\$ 58,125	\$ 57,962	\$ 98,771
Gulf of Mexico Program 2006	66.475	MX-96448606-0	1/1/2007	12/31/2008	127,430	4,410	3,722	3,722
Lake Pontchartrain Basin Foundation Grant 2005	66.436	X7-96600501-1	10/1/2005	11/30/2007	744,000	232,981	227,636	738,660
Lake Pontchartrain Basin Foundation Grant 2006	66.202	EM-96627601	3/1/2007	6/30/2009	492,600	294,928	276,478	276,478
Passed through University of New Orleans								
PRP Projects	66.606	EM-96644201	11/28/2006	8/31/2009	35,000	35,300	35,000	35,000
Lake Pontchartrain Targeted Watershed Project	66.439	WS-96618701-0	5/19/2006	4/30/2009	854,000	235,115	216,456	333,694
<b>Total U.S. Environmental Protection Agency</b>					<b>\$ 2,353,030</b>	<b>\$ 860,859</b>	<b>\$ 817,254</b>	<b>\$ 1,486,325</b>
<b>United States</b>								
<b>Department of Agriculture</b>								
Natural Resources Conservation Service 2005	10.902	68-7212-04-05	6/17/2004	9/30/2007	440,000	51,006	49,476	439,999
Natural Resources Conservation Service 2006	10.902	68-7217-06-03	6/6/2006	9/30/2008	237,674	169,493	165,792	165,792
<b>Total U.S. Department of Agriculture</b>					<b>677,674</b>	<b>220,499</b>	<b>215,268</b>	<b>605,791</b>
<b>Totals</b>					<b>\$ 3,030,704</b>	<b>\$ 1,081,358</b>	<b>\$ 1,032,522</b>	<b>\$ 2,092,116</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, 2007**

**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, 2007**

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

1. The auditor's report expresses an unqualified opinion on the financial statements of the Foundation.
2. No significant deficiencies 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 significant deficiencies 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 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>
Lake Pontchartrain Basin Foundation	66.202

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, 2007.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

There were no findings related to the financial statements for the year ended December 31, 2007.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended December 31, 2007**

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

There were no findings related to federal awards for the year ended December 31, 2007.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended December 31, 2007**

There were no audit findings reported for the year ended December 31, 2006.



**LAKE PONTCHARTRAIN BASIN FOUNDATION  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2007**

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