

7345

The Louisiana Forestry Association

Alexandria, Louisiana

Financial Statements

December 31, 2011

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 **MAY 09 2012**

Table of Contents

Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements.....	5
Supplementary Data	
Schedule of Revenues and Support.....	12
Schedule of Expenses	13



Knight Masden

A Professional Accounting Corporation

K Martin Masden, CPA
John E. Theriot II, CPA
Dona C. Manuel, CPA

April 27, 2012

Coan I. Knight, Jr., CPA
Stephanie R. Lemolne, CPA

Independent Auditors' Report

Board of Directors
The Louisiana Forestry Association
Alexandria, Louisiana

We have audited the accompanying statement of financial position of The Louisiana Forestry Association (a nonprofit organization) as of December 31, 2011, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Louisiana Forestry Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Louisiana Forestry Association's 2010 financial statements and, in our report dated June 30, 2011 we expressed an unqualified opinion on those financial statements.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Louisiana Forestry Association as of December 31, 2011, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary data schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. 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 financial statements taken as a whole.


Knight Masden

5615 J Jackson Street
Alexandria, Louisiana 71303
PH 318-445-9334
FAX 318-445-0996
www.knightmasden.com

The Louisiana Forestry Association
Statement of Financial Position
December 31, 2011

Assets	<u>2011</u>	2010 Summarized <u>Total</u>
Current Assets		
Cash and cash equivalents	\$ 196,305	\$ 232,323
Certificates of deposit	288,179	285,869
Accounts receivable - advertising	14,081	9,138
Accounts receivable - other	27,610	22,695
Prepaid expenses	<u>3,332</u>	<u>2,683</u>
Total Current Assets	529,507	552,708
Property and Equipment, net	165,777	188,161
Other Assets		
Cash surrender value	188,859	180,605
Marketable securities	<u>115,542</u>	<u>115,178</u>
Total Other Assets	<u>304,401</u>	<u>295,783</u>
Total Assets	<u>\$ 999,685</u>	<u>\$ 1,036,652</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 11,668	\$ 12,441
Accrued payroll taxes	3,785	1,856
Compensated absences	4,127	5,171
Payable to Children's Miracle Network	6,380	4,775
Deferred revenues	<u>118,258</u>	<u>120,290</u>
Total Current Liabilities	144,218	144,533
Net Assets		
Unrestricted	855,467	890,560
Temporarily restricted	<u>-</u>	<u>1,559</u>
Total Net Assets	<u>855,467</u>	<u>892,119</u>
Total Liabilities and Net Assets	<u>\$ 999,685</u>	<u>\$ 1,036,652</u>

The accompanying notes are an integral part of the financial statements

The Louisiana Forestry Association
Statement of Activities
For the Year Ended December 31, 2011

	<u>2011</u>		2010	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Summarized Total</u>
Revenues and Support				
Membership dues	\$ 368,144	\$ -	\$ 368,144	\$ 383,025
Annual meeting	132,978	-	132,978	136,194
Programs	4,384	125,133	129,517	113,168
Programs - donated services	-	137,648	137,648	36,523
Tree farm	45,803	-	45,803	26,956
Public information	-	4,008	4,008	5,421
<i>Forests & People</i> magazine	49,543	-	49,543	47,581
Legislative	-	7,250	7,250	6,750
Investment income	362	-	362	31,010
Other revenue	12,257	8,548	20,805	22,752
Sustained Forestry Initiative	112,785	-	112,785	110,072
Logging Council	44,058	-	44,058	44,902
Total Revenue and Support	<u>770,314</u>	<u>282,587</u>	<u>1,052,901</u>	<u>\$ 964,354</u>
Net Assets Released from Restrictions	284,146	(284,146)		
Expenses				
Program Services				
Annual meeting	144,585	-	144,585	161,218
Programs	312,185	-	312,185	207,482
Tree farm	79,541	-	79,541	56,678
Public information	44,969	-	44,969	48,209
<i>Forests & People</i> magazine	89,639	-	89,639	88,950
Legislative	51,757	-	51,757	43,904
Sustained forestry initiative	131,359	-	131,359	133,029
Logging council	45,570	-	45,570	53,340
Total Program Services	<u>899,605</u>	<u>-</u>	<u>899,605</u>	<u>792,810</u>
Management, general and membership	189,948	-	189,948	196,369
Total Expenses	<u>1,089,553</u>	<u>-</u>	<u>1,089,553</u>	<u>989,179</u>
Changes in Net Assets	(35,093)	(1,559)	(36,652)	(24,825)
Net Assets, Beginning of Year	<u>890,560</u>	<u>1,559</u>	<u>892,119</u>	<u>916,944</u>
Net Assets, End of Year	<u>\$ 855,467</u>	<u>\$ -</u>	<u>\$ 855,467</u>	<u>\$ 892,119</u>

The accompanying notes are an integral part of the financial statements

The Louisiana Forestry Association
Statement of Cash Flows
For the Year Ended December 31, 2011

	<u>2011</u>	<u>2010 Summarized Total</u>
Cash flows from operating activities		
Change in net assets	\$ (36,652)	\$ (24,825)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	23,827	24,640
Net unrealized (gain) on investments	5,740	(27,099)
(Increase) decrease in accounts receivable - advertising	(4,943)	(1,482)
(Increase) decrease in accounts receivable - other	(4,915)	26,175
(Increase) decrease in prepaid expenses	(649)	(1,299)
Increase (decrease) in accounts payable	(773)	4,277
Increase (decrease) in accrued payroll taxes	1,929	178
Increase (decrease) in compensated absences	(1,044)	5,171
Increase (decrease) in payable to Children's Miracle Network	1,605	2,480
Increase (decrease) in deferred revenue	<u>(2,032)</u>	<u>(26,435)</u>
Net cash provided (used) by operating activities	(17,907)	(18,219)
 Cash flows from investing activities		
Purchase of plant and equipment	(1,444)	-
(Purchase) redemption of certificates of deposit	(2,310)	24,284
Purchase of investments	<u>(14,357)</u>	<u>(16,668)</u>
Net cash used in investing activities	<u>(18,111)</u>	<u>7,616</u>
 Net decrease in cash and cash equivalents	(36,018)	(10,603)
 Cash and cash equivalents at beginning of year	<u>232,323</u>	<u>242,926</u>
 Cash and cash equivalents at end of year	<u>\$ 196,305</u>	<u>\$ 232,323</u>
 Supplemental disclosure of cash paid during the year.		
Interest	<u>\$ -</u>	<u>\$ -</u>
 Income Tax	<u>\$ -</u>	<u>\$ -</u>

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

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies

Organization

The Louisiana Forestry Association (the Association) is a nonprofit organization. Its purpose is to advance the cause of forestry and the wood products industry in Louisiana. One of the Association's major programs is the implementation of Louisiana's Sustainable Forestry Initiative developed to meet the needs of the present forestry industry without compromising the future of the industry. The Association is a 501(c)(6) nonprofit organization

Financial Statement Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Revenue and Expense Recognition

Program service fees and unrestricted revenues are recorded when earned and expenses are recorded when incurred. Unrestricted contributions and contributions restricted by donor for particular operating purposes are deemed to be earned and reported as support when received. Grant revenues are reported as support when awarded in the case of non-reimbursable grants. For reimbursable grants, revenues are reported as support when the terms of the grant have been met.

Dues are assessed on a calendar year basis. Dues received for future years are reported as deferred revenues. Revenues of *Forests & People* magazine are from non-member subscriptions and advertising. Advertising revenues are recorded when earned. Members automatically receive a magazine subscription but none of the membership dues are allocated to magazine revenues for financial statement purposes.

Estimates

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

Property and Depreciation

Property, equipment, major replacements and repairs are capitalized at cost. Repairs, maintenance and minor replacements are charged to operations as incurred. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Contributed assets are recorded at fair value.

Accounts Receivable

Based on past experience, the management of the Association considers all accounts receivable as collectible; therefore, no allowance for doubtful accounts has been established. Receivables are considered past due after thirty days. Infrequently, a receivable does become uncollectible and it is written off at that time. Accounts receivable are recorded net of any applicable discounts.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies, continued

Fair Value Measurements

Accounting for Fair Value Measurements (FASB ASC 820-10-50-1) requires disclosures for financial assets and liabilities that are re-measured at fair value at least annually. FASB ASC 820-10-50-1 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. All investments are valued using quoted market prices (referred to as Level 1).

Cash and Cash Equivalents

The Association considers all highly liquid investments available for current use with an initial maturity of less than three months to be cash equivalents.

Investments

The Association currently has two types of investments; Certificates of deposit and marketable securities. The certificates of deposit are held at various banks, with an initial maturity of three to twelve months. Unrealized gains and losses in marketable securities are included in the change in net assets. The cost basis of marketable securities is reflected in Note 11. The policy set by the board of directors is to invest all money received for lifetime members into marketable securities.

Note 2 - Property and Equipment

<u>Description</u>	<u>Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land		\$11,720	11,720	\$ -
Building	40 yrs	41,717	41,717	-
Building improvements	10-39 yrs	181,389	53,700	127,689
Furniture and equipment	5-10 yrs	90,811	68,245	22,566
Automobiles	5 yrs	<u>30,413</u>	<u>26,611</u>	<u>3,802</u>
Total		<u>\$356,050</u>	<u>\$190,273</u>	<u>\$165,777</u>

Depreciation expense for the year was \$23,827.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2011

Note 3 - Deferred Revenues

This amount represents membership dues and other revenues collected in advance for calendar year 2012. The total deferral will be taken into income in 2012

<u>Type of Revenue</u>	<u>Amount</u>
Membership dues	\$100,852
Other	204
Sustained Forestry Initiative	2,977
Logging Council dues	<u>14,225</u>
Total Deferred Revenues	<u>\$118,258</u>

Note 4 - Cash and Cash Equivalents

The cash and cash equivalents as of December 31, 2011 are as follows:

<u>Issuer and Type of Account</u>	<u>Amount</u>
Cash on Hand	\$ 100
Red River Bank – Checking – Logging Council	111,559
Red River Bank – Checking – Operating	263
Red River Bank – Sweep – Operating	<u>84,383</u>
Total Cash	<u>\$196,305</u>

Cash and cash equivalent balances include monies designated to specific programs controlled by committees established by the Board of Directors. Currently, no interest is being earned on these funds. The Board of Directors voluntarily set aside funds for future equipment replacement and any monies earned by Sustained Forestry Initiative (SFI), Project Learning Tree (PLT), and the Logging Council. As of December 31, 2011 the board designated funds for equipment replacement is \$21,744, SFI is \$21,759, PLT is \$33,632 and Logging Council is \$126,816

Note 5 - Contributed Services

Substantial numbers of unpaid volunteers have made significant contributions of their time to the Association. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2011

Note 5 - Contributed Services, continued

In connection with Project Learning Tree and Wildland Urban Interface Project, the Louisiana Department of Agriculture and Forestry provided in kind services valued at \$137,648. This is reflected in the statement of activities as donated services. The corresponding expenses are reflected in the statement of activities as program services.

Note 6 - Related Party

The Association and the Louisiana Forestry Foundation have many of the same Board Members. Both organizations are involved in the Forestry Industry. In addition, the Association and the Southern Forest Heritage Museum and Research Center share several Board Members and the Association was instrumental in establishing the Museum. The Association continues to provide administrative support to both the Museum and the Foundation.

Note 7 - Pension Plan

The Association has adopted a simplified employee pension plan (profit-sharing) for all employees with more than one year of service. The Association is under no obligation to make annual contributions to the plan. In 2011, the Association made voluntary contributions of \$31,944 to the plan, which is included in fringe benefit expense.

Note 8 - Deferred Compensation Program

The Association has adopted an Executive Retention Program in which the Executive Director participates. At the discretion of the Board of Directors, the Association may make a contribution on behalf of the employee. In 2011, the Association made a \$12,000 contribution to a life insurance policy for the Executive Director. The Louisiana Forestry Association is the beneficiary. It is the intention of the Board of Directors that the cash value of this policy be transferred to the Executive Director in the event of his retirement or the proceeds to his spouse in the event of his death. The yearly contribution is included in the cash surrender value of this policy which is \$188,859 and is reflected in other assets. In 2011, the cash surrender value decreased by (\$3,746), excluding the \$12,000 payment. This is recorded as an unrealized loss on investments.

Note 9 - Restricted Net Assets

As of December 31, 2011 the Association has no temporary or permanently restricted net assets.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2011

Note 10 - Concentration of Risk

Financial instruments that potentially subject the Association to credit risk include investments in money market and mutual funds. Future changes in economic conditions may make the investments less valuable.

The Association maintains its cash and cash equivalents and certificates of deposit in several local banks. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash and cash equivalents and certificates of deposit balances at December 31, 2011 did not exceed FDIC insurance.

The Association's primary source of income is from the forestry, timber and logging industries. It is dependent on sustained activity in these industries. In 2011, twenty member companies made up 41% of total dues revenues.

Note 11 - Investments

Certificates of Deposit

The Certificates of Deposit held by the Association at December 31, 2011 are as follows:

<u>Issuer</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Union Bank	\$ 41,000	1.00%	06/10/2012
Union Bank	57,300	.75%	12/09/2012
Chase	55,811	.20%	08/14/2012
Sabine State Bank	15,257	1.15%	01/22/2012
Capital One Bank	50,315	.55%	05/22/2012
Capital One Bank	<u>68,496</u>	.60%	09/15/2012
Total Certificates of Deposit	<u>\$288,179</u>		

Marketable Securities

Investments held by the Association at December 31, 2011 are as follows

<u>Mutual Funds</u>	<u>Cost</u>	<u>Market Value</u>
JP Morgan Portfolio Holdings	\$ 69,433	\$ 72,562
Legg Mason Value Trust Fund	28,313	16,976
Vanguard 500 Index Fund	<u>26,916</u>	<u>26,004</u>
Totals	<u>\$124,662</u>	<u>\$115,542</u>

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2011

Note 11– Investments, continued

JPMorgan Portfolio Holdings, Legg Mason Value Trust Fund and Vanguard 500 Index Fund are recorded at market value which decreased \$1,994 in 2011 excluding purchases and the reinvested dividends. This is recorded as unrealized loss on investments.

Total portfolio income for 2011 consists of the following.

Interest income	\$ 3,745
Dividend distributions from mutual funds	2,357
Unrealized loss on investments	(1,994)
Unrealized loss on cash surrender value	<u>(3,746)</u>

Presented in the Statement of Activities as:

Investment income \$ 362

Note 12 - Subsequent Events

The Louisiana Forestry Associations has no material subsequent events that would require disclosure. Subsequent events have been evaluated through April 27, 2012, the date the statements were available for issuance.

Note 13 – Provision for Income Taxes

The Association does not incur federal or state income taxes, except for any unrelated business income which would occur as a result of *Forests & People* magazine operations. For 2011, a small tax loss was incurred on the magazine. The Association does incur a proxy tax on any qualifying Section 162(e) lobbying expenses

Uncertain tax positions – The Association currently has no tax examinations being conducted by federal or state agencies and all filings for income taxes are current. The Association believes its tax accounting procedures are all within the guidelines of the tax codes and regulations and meet the “more-likely-than-not” threshold of being sustained upon examination. As of December 31, 2011, tax years 2008 and subsequent were still within the prescription period for examination by taxing authorities.

SUPPLEMENTARY DATA

The Louisiana Forestry Association
Schedule of Revenues and Support
For the Year Ended December 31, 2011

	2011		2010	
	Unrestricted	Temporarily Restricted	Total	Summarized Total
Membership dues	\$ 368,144	\$ -	\$ 368,144	\$ 383,025
Annual meeting	132,978	-	132,978	136,194
Programs				
Project Learning Tree and Teachers Tour	-	46,511	46,511	47,965
Donated services, materials and other	-	137,648	137,648	36,523
Lower MS Watershed Project Grant	-	4,250	4,250	21,780
WFUI Grant	-	71,872	71,872	36,667
Forest Awareness and other	4,384	2,500	6,884	6,756
Total	4,384	262,781	267,165	149,691
Tree farm	45,803	-	45,803	26,956
Public information	-	4,008	4,008	5,421
<i>Forests & People</i> magazine				
Non-member subscriptions	693	-	693	762
Advertising income	48,850	-	48,850	46,819
Total	49,543	-	49,543	47,581
Legislative	-	7,250	7,250	6,750
Other Revenue and Support				
Investment income	6,102	-	6,102	3,911
Unrealized gain (loss) on investment	(5,740)	-	(5,740)	27,099
Executive meetings	-	8,548	8,548	8,699
Other revenue	12,257	-	12,257	14,053
Total	12,619	8,548	21,167	53,762
Sustained Forestry Initiative	112,785	-	112,785	110,072
Logging Council	44,058	-	44,058	44,902
Total Revenues and Support	\$ 770,314	\$ 282,587	\$ 1,052,901	\$ 964,354

**The Louisiana Forestry Association
Schedule of Expenses
For the Year Ended December 31, 2011**

	<u>2011</u>	<u>2010 Summarized Total</u>
Annual Meeting		
Annual meeting expenses	\$ 91,421	\$ 107,951
Fringe benefits	9,063	8,671
Payroll taxes	2,980	2,932
Postage	3,005	3,223
Salaries	37,999	38,038
Travel	117	403
Total	<u>144,585</u>	<u>161,218</u>
Programs		
Computer expense	-	168
Fringe benefits	7,930	7,588
Lower MS Watershed Project	3,625	21,783
WFUI Grant Expenses	181,716	37,000
Payroll taxes	2,980	2,932
Postage	400	400
Project Learning Tree and Teachers Tour	72,588	83,361
Salaries	35,076	35,112
PLT Energy & Society Grant	-	10,000
Special projects & Forest Awareness Week	7,070	8,763
Travel	800	375
Total	<u>312,185</u>	<u>207,482</u>
Tree Farm		
Fringe benefits	4,532	4,336
Payroll taxes	2,292	2,255
Postage	1,055	990
Salaries	32,153	32,186
Telephone	540	455
Travel	668	2,349
Tree farm expenses	38,301	14,107
Total	<u>79,541</u>	<u>56,678</u>
Public Information		
Fringe benefits	5,098	6,543
Payroll taxes	1,604	1,579
Postage	5,306	9,450
Printing and photography	1,365	3,323
Public information	7,957	3,129
Salaries	23,384	23,408
Travel	255	777
Total	<u>44,969</u>	<u>48,209</u>

The Louisiana Forestry Association
Schedule of Expenses
For the Year Ended December 31, 2011

Forests & People Magazine

Computer Expense	32	-
Fringe benefits	7,426	7,046
Miscellaneous	1,261	1,483
Payroll taxes	2,751	2,706
Postage	9,762	9,592
Printing and photography	31,395	31,199
Salaries	35,076	35,112
Telephone	497	455
Travel	1,439	1,357
Total	89,639	88,950

Legislative Expenses

Education and information	8,882	5,044
Fringe benefits	7,930	5,922
Payroll taxes	2,521	2,481
Postage	1,350	450
Salaries	29,230	29,260
Travel	957	-
Telephone	887	747
Total	51,757	43,904

Sustained Forestry Initiative

Computer and website expense	-	840
Equipment maintenance	3,023	3,052
Fringe benefits	2,832	2,710
Meeting	65	-
Office supplies and postage	3,634	4,708
Outreach	26,946	23,476
Payroll taxes	4,126	4,060
Program and materials	27,283	28,968
Salaries	55,537	55,595
Telephone	2,344	2,047
Travel	5,569	7,573
Total	131,359	133,029

The Louisiana Forestry Association
Schedule of Expenses
For the Year Ended December 31, 2011

Logging Council		
Awards and memorials	1,446	246
Equipment maintenance	562	568
Meetings	2,495	2,607
Miscellaneous	1,430	4,346
Office supplies and dues	5,113	5,104
Postage	5,920	5,580
Printing and photography	11,838	12,235
Special projects and MLC program	5,701	13,464
Telephone	1,220	1,118
Travel	9,845	8,072
	<u>45,570</u>	<u>53,340</u>
Total		
Management, General and Membership Development		
Area concept	537	2,790
Awards and memorials	1,575	2,814
Bad debts	58	-
Bank and credit card charges	5,383	3,658
Computer expenses	2,134	5,646
Depreciation	23,827	24,640
Dues and subscriptions	5,250	3,965
Equipment rent	4,711	4,734
Executive and other meetings	13,714	13,358
Fringe benefits	12,232	11,381
Insurance	10,076	10,499
Janitor and lawn maintenance	5,270	5,611
Maintenance and repairs	2,481	2,485
Miscellaneous	1,947	3,675
Office supplies	12,118	10,088
Payroll taxes	3,867	3,609
Postage	4,203	7,065
Printing and photography	435	423
Professional services	8,725	2,517
Salaries	45,308	49,201
Telephone	1,919	1,823
Training and professional development	149	-
Travel and entertainment	18,345	20,925
Utilities	5,684	5,462
	<u>189,948</u>	<u>196,369</u>
Total		
Total Expenses	<u>\$ 1,089,553</u>	<u>\$ 989,179</u>