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Tangipahoa Economic Development Foundation, Inc.

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Annual Financial Statements

As of and for the Year Then Ended June 30, 2007

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 5/14/08



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Tangipahoa Economic Development Foundation, Inc.

**Annual Financial Statements
As of and for the Year Ended June 30, 2007
With Supplemental Information Schedules**

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Accountant's Compilation Report

To the Board of Directors of the
Tangipahoa Economic Development Foundation, Inc.
Hammond, Louisiana

We have compiled the accompanying financial statement of financial position of the Tangipahoa Economic Development Foundation, Inc. as of June 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to the Tangipahoa Economic Development Foundation, Inc..

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

April 25, 2008

Tangipahoa Economic Development Foundation, Inc.
Statement of Financial Position
As of June 30, 2007 and 2006

	2007	2006
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 67,404	\$ 46,073
Investments - Certificates of Deposit	140,226	135,291
Receivables, Net :		
Accounts	-	36,770
Other	-	430
Prepaid Insurance	1,260	-
Total Current Assets	208,890	218,564
Property, Plant, and Equipment		
Property, Plant and Equipment, Net	2,528	2,613
Total Property, Plant, and Equipment	2,528	2,613
Total Assets	\$ 211,418	\$ 221,177
Liabilities		
Current Liabilities (Payable From Current Assets):		
Other Accrued Payables	\$ 10,374	\$ 6,732
Total Current Liabilities (Payable From Current Assets)	10,374	6,732
Total Liabilities	10,374	6,732
Net Assets		
Unrestricted	201,044	214,445
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	201,044	214,445
Total Liabilities and Net Assets	\$ 211,418	\$ 221,177

See accompanying notes and accountant's report.

Tangipahoa Economic Development Foundation, Inc.

Statement of Activities

For the years ended June 30, 2007 and 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
	<u>2007</u>			<u>2007</u>	<u>2006</u>
Operating Revenues					
Public Support					
State Appropriation of Hotel Motel Taxes	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 95,000
Service and Fee Revenue					
Membership Fees	41,038	-	-	41,038	38,822
Banquet Fees	7,510	-	-	7,510	6,750
Investment Income	6,800	-	-	6,800	5,293
Other Revenues	39	-	-	39	-
Net Assets released from restrictions	-	-	-	-	-
Total Operating Revenues	<u>155,387</u>	<u>-</u>	<u>-</u>	<u>155,387</u>	<u>145,865</u>
Operating Expenses					
Program Services	125,974	-	-	125,974	136,454
Management and General	11,738	-	-	11,738	12,630
Fund Raising	4,626	-	-	4,626	3,513
Total Operating Expenses	<u>142,338</u>	<u>-</u>	<u>-</u>	<u>142,338</u>	<u>152,597</u>
Change in Net Assets from Operations	<u>13,049</u>	<u>-</u>	<u>-</u>	<u>13,049</u>	<u>(6,732)</u>
Nonoperating Revenue (Expenses)					
Funding of Research on Fluker Megasite	(5,750)	-	-	(5,750)	-
Funding of Research on Kentwood Racetrack	(20,700)	-	-	(20,700)	-
Total Nonoperating Revenue (Expenses)	<u>(26,450)</u>	<u>-</u>	<u>-</u>	<u>(26,450)</u>	<u>-</u>
Change in Net Assets	(13,401)	-	-	(13,401)	(6,732)
Total Net Assets, Beginning	<u>214,445</u>	<u>-</u>	<u>-</u>	<u>214,445</u>	<u>221,177</u>
Total Net Assets, Ending	<u>\$ 201,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,044</u>	<u>\$ 214,445</u>

See accompanying notes and accountant's report.

Tangipahoa Economic Development Foundation, Inc.
Statement of Functional Expenses
For the year ended June 30, 2007

	<u>Economic</u>	<u>Total</u>	<u>Management</u>	<u>Fund Raising</u>	<u>Total</u>
	<u>Development</u>	<u>Program</u>	<u>and General</u>		
		<u>Services</u>			
Expenses					
Salaries and Wages	\$ 81,856	\$ 81,856	\$ 8,186	\$ 910	\$ 90,952
Employee Benefits	10,595	10,595	1,060	118	11,773
Communications	2,403	2,403	267	-	2,670
Depreciation	76	76	9	-	85
Insurance	4,524	4,524	-	-	4,524
Marketing	5,972	5,972	-	-	5,972
Professional Fees	620	620	-	-	620
Rent	7,020	7,020	780	-	7,800
Repairs and Maintenance	-	-	717	-	717
Special Events	-	-	-	3,598	3,598
Supplies	1,291	1,291	144	-	1,435
Travel	6,444	6,444	-	-	6,444
Other	5,173	5,173	575	-	5,748
Total Expenses	<u>\$ 125,974</u>	<u>\$ 125,974</u>	<u>\$ 11,738</u>	<u>\$ 4,626</u>	<u>142,338</u>

See accompanying notes and accountant's report.

Tangipahoa Economic Development Foundation, Inc.
Comparative Statement of Cash Flows
For the year ended June 30, 2007

	2007	2006
Cash Flows From Operating Activities		
Change in Net Assets	\$ (13,401)	\$ (6,732)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	85	172
Changes in operating assets and liabilities		
(Increase) decrease in receivables	37,200	(171)
Increase (decrease) in accounts payable	-	(1,058)
Increase (decrease) in accrued payables	3,642	997
Net Cash Provided by (Used by) Operating Activities	26,266	(6,792)
Cash Flows From Investing Activities		
Purchases of property	-	(2,667)
Purchases of investments	(4,935)	(4,054)
Net Cash (Used) by Investing Activities	(4,935)	(6,721)
Net Cash Increase (Decrease) in Cash and Cash Equivalents	21,331	(13,513)
Cash and Cash Equivalents, Beginning of Year	46,073	59,586
Cash and Cash Equivalents, End of Year	\$ 67,404	\$ 46,073
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ -	\$ -

See accompanying notes and accountant's report.

Tangipahoa Economic Development Foundation, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2007

Introduction

The Tangipahoa Economic Development Foundation, Inc. (the Foundation), was established as a non-profit Foundation chartered under the laws of the State of Louisiana in 1978. The purposes of the Foundation are:

- to promote the business interests of the Parish of Tangipahoa, Louisiana, including rendering financial and other assistance to the manufacturing, industrial, scientific, educational and business enterprises,
- to induce the location of Tangipahoa Parish, Louisiana to other complimentary manufacturing, industrial, scientific, educational and business establishments;
- to purchase, subdivide, sell and lease real property in the Parish of Tangipahoa, Louisiana, and erect or repair any building or improvement for the use of any manufacturing, industrial, scientific, educational or business enterprise in said Parish of Tangipahoa; and
- to accumulate and lend money for said purposes.

In the year ending June 30, 2007 the Tangipahoa Economic Development Foundation, Inc. assisted the following new and existing companies in coming to or expanding in Tangipahoa Parish: Alack Refrigeration, the Army Air Guard Helicopter Battalion, Barrister Global Networks, Bayou Millworks, Boh Brothers Construction, DoRan Sea Pak, 84 Lumber, Entergy Administrative Offices, Evergreen Lumber and Truss, Gray Insurance, Gray Matter Inc., Guico Manufacturing, Irby Electric, Laitrum Corp, Louisiana Hospital Center, Rocker Commercial Plumbing, Sardo Refrigerated Storage, Scariano Brothers Meat Distribution, Stock Building Supply, and Terra Renewal Services.

The Foundation assisted these companies with navigating local and state laws and programs in order to make the financial decision to expand their investment Tangipahoa Parish and the State of Louisiana and generate recurring taxable revenues. While the long-term economic benefit to Tangipahoa Parish and the State of Louisiana of these companies presence is estimated in the millions, the cost to Louisiana's citizens is only around \$100,000. The Foundation partners with Tangipahoa Parish and the State to fund around a third of its operating budget through self-generated revenues.

Also in the fiscal year ending June 30, 2007, the Tangipahoa Economic Development Foundation, Inc. assisted in funding an engineering firm to conduct a site study on 2,917 acres in northern Tangipahoa Parish, near Fluker for a potential large scale development. (See Footnote 7) The Foundation also assisted in funding a phase one environmental report for a potential racetrack development near Kentwood, Louisiana.

Tangipahoa Economic Development Foundation, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2007

1. Summary of Significant Accounting Policies

A. Restrictions on Net Assets

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Foundation or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Foundation. Generally, the donors permit the Foundation to use all or part of the income earned for either general or donor-specified purposes.

B. Comparative Information and Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

D. Cash and Cash Equivalents

The Foundation's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Tangipahoa Economic Development Foundation, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2007

E. Investments

Investments are reported at fair value. Investment income classified as operating revenue consists of interest and dividend income on investments and gains approved for use in operations. All other realized and unrealized gains or losses are classified as nonoperating activity and are available to support operations in future years and to offset potential market declines. Investments classified as current are available for operations in the next fiscal year.

Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. Debt is valued at rates currently available to the Foundations for issuances with similar terms and remaining maturities.

F. Inventories and Prepaid Items

All inventories, when held, are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities. The Foundation maintains a threshold level of \$500 or more for capitalization of property and equipment.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capitalized assets, other than land, are depreciated using the straight-line method over their estimated useful lives ranging from three to ten years.

H. Revenue Recognition

The primary funding source for the Tangipahoa Economic Development Foundation, Inc. is excess hotel / motel taxes, which are deposited by the State of Louisiana into the "Tangipahoa Parish Economic Development Fund" (Louisiana Revised Statute 47:322.5). The funds are subject to an annual appropriation by the Louisiana State legislature, which is then remitted to the Tangipahoa Parish Government with the restriction that it be used for economic development in Tangipahoa Parish.

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor. All donated

Tangipahoa Economic Development Foundation, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2007

revenue received in the current year is the result of an annual fundraising banquet sponsored by the Foundation.

The Foundation reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Service revenue such as membership fees are recognized for the year of membership.

Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

I. Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. There are several volunteers, which donate time in the Foundation's programs and supporting services, however due to the lack of an objective basis to measure the value of these non-specialized services no contributed service revenue has been recorded in these instances.

Donated materials are recorded at their fair value at the date of the gift. The Foundation does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

J. Income Taxes

The Tangipahoa Economic Development Foundation, Inc. is a not-for-profit Foundation. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities.

Tangipahoa Economic Development Foundation, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2007

2. Cash and Cash Equivalents

Cash and cash equivalents (book balances) consisted of the following at June 30, 2007 and 2006

	2007	2006
Interest bearing demand deposits	\$ 67,404	\$ 46,073
	\$ 67,404	\$ 46,073

3. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2007 and 2006

	2007	2006
Furniture and Equipment	\$ 18,520	\$ 18,520
Other Depreciable Property	-	-
Total cost of assets placed in service	18,520	18,520
Less accumulated depreciation	(15,992)	(15,907)
Property and equipment, net	\$ 2,528	\$ 2,613

4. Retirement Plan

The Foundation sponsors a savings incentive plan (SIMPLE) covering full-time employees. The Foundation contributes three percent of the compensation of participating employees, which amounted to \$2,631 for the fiscal year ending June 30, 2007.

5. Concentrations

The Tangipahoa Economic Development Foundation, Inc. receives approximately two thirds of its annual revenues to fund its budgeted operations through an appropriation from the State of Louisiana's excess Hotel/Motel taxes received through Tangipahoa Parish. For the fiscal year ending June 30, 2007 the amount was \$100,000, which represented 59% of total expenses.

Tangipahoa Economic Development Foundation, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2007

6. Participation Agreement

The Foundation entered into an agreement with Southeastern Louisiana University, (SLU), acting on behalf of the Southeastern Louisiana Business Center, wherein SLU provides the Foundation with office space and telephone and copy services. The Foundation pays SLU an annual rent of \$7,800, which is paid monthly. The Foundation renewed the lease through July of 2008 in July of 2007 at a rate of \$9,030 per year.

7. Commitments and Contingencies

On January 4, 2006, the Foundation obtained an option to purchase all or part(s) of 2,917 acres in northern Tangipahoa Parish near Fluker, Louisiana. The option price is \$4,000 per acre with a minimum purchase of 500 acres. The consideration given for this option is the performance by the Foundation of a site study on the property to use as a major industrial site.

The site study was completed by Peake Consulting LLC, subsequent to the fiscal year ending June 30, 2007 at an approximate total cost of \$21,000 with the Foundation funding \$5,000 and other organizations funding the remainder. The Foundation funded \$4,750 in the fiscal year ending June 30, 2007.

The option remains open until July 4, 2008. The Foundation has the right of first refusal if the seller receives a purchase offer from a third party during this term. The Foundation is currently re-negotiating an extension of the purchase option.

At June 30, 2007, the Foundation was not involved in any outstanding litigation or claims.

Tangipahoa Economic Development Foundation, Inc.
Schedule of Findings
For the Year Ended June 30, 2007

07-01 - Late Filing of Compilation Report

Criteria: Per Section 17(A) of Act 18 of the 2007 Regular Session (the General Appropriations Act) and Section 18 of Act 28 of the 2007 Regular Session (the Capital Outlay Act) state, the Tangipahoa Economic Development Foundation, Inc. is required to file a set of compiled financial statements with the Louisiana Legislative Auditor's Office by December 31, 2007.

Condition: Due to unexpected circumstances the Tangipahoa Economic Development Foundation, Inc. had to change certified public accounting firms to perform the compilation. The Foundation applied for and received an extension and supplied sufficient information to complete the compilation by the date of this report April 25, 2008

Effect: Per Section 17(A) of Act 18 of the 2007 Regular Session (the General Appropriations Act) and Section 18 of Act 28 of the 2007 Regular Session (the Capital Outlay Act) state, the State of Louisiana will withhold state funding until the report is filed and accepted by the Legislative auditor's office.

Response: The root cause of the delay in the timely completion of the report was the result of unexpected death of the previously engaged certified public accountant. Management fully expects to have timely information available for the completion of future reports and has engaged a certified public accounting firm to do so for the subsequent reporting period.