

GULF COAST RESTORATION AND PROTECTION FOUNDATION

Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2011

GULF COAST RESTORATION AND PROTECTION FOUNDATION
Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

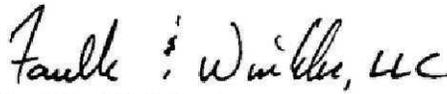
To the Board of Directors
Gulf Coast Restoration and Protection Foundation
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of the **GULF COAST RESTORATION AND PROTECTION FOUNDATION**, (Foundation) (a non-profit organization) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Foundation's 2010 financial statements and, in our report dated March 23, 2011, we expressed an unqualified opinion on those financial statements.

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. 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 **GULF COAST RESTORATION AND PROTECTION FOUNDATION** 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March June 25, 2012, on our consideration of the Foundation's internal control over financial reporting and 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 audit.


Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2012

GULF COAST RESTORATION AND PROTECTION FOUNDATION

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2011
(with comparative totals for 2010)

	2011	2010
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 7,370,318	\$ 90,444,154
Due from vendor	2,812,948	3,584,000
Prepaid expenses	2,762	3,291
 Total assets	 \$ 10,186,028	 \$ 94,031,445
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Contracts and accounts payable	\$ -	\$ 760,030
NET ASSETS		
Unrestricted	3,313	103,233
Temporarily restricted	10,182,715	93,168,182
 Total net assets	 10,186,028	 93,271,415
 Total liabilities and net assets	 \$ 10,186,028	 \$ 94,031,445

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

GULF COAST RESTORATION AND PROTECTION FOUNDATION

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

For the year ended December 31, 2011
(with comparative totals for 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011</u>	<u>2010</u>
SUPPORT				
Contributions	\$ -	\$ -	\$ -	\$ 100,100,000
Grants	375,000	50,000	425,000	1,080,000
Investment income	87	66,821	66,908	63,305
	<hr/>	<hr/>	<hr/>	<hr/>
Total support	375,087	116,821	491,908	101,243,305
NET ASSETS RELEASED FROM RESTRICTIONS				
	<u>83,102,288</u>	<u>(83,102,288)</u>	<u>-</u>	<u>-</u>
Total revenues, support, and reclassifications	<u>83,477,375</u>	<u>(82,985,467)</u>	<u>491,908</u>	<u>101,243,305</u>
EXPENSES				
Program services:				
Contribution to BRAF - For the Future of the Gulf Fund	75,000,000	-	75,000,000	-
Grants for Rig Worker Assistance	6,083,400	-	6,083,400	5,644,681
Grant to the Tax Foundation	50,000	-	50,000	-
Professional services	1,289,518	-	1,289,518	1,556,274
Other	4,946	-	4,946	4,288
General and administrative	<u>1,149,431</u>	<u>-</u>	<u>1,149,431</u>	<u>776,703</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	83,577,295	-	83,577,295	7,981,946
Increase (decrease) in net assets	(99,920)	(82,985,467)	(83,085,387)	93,261,359
NET ASSETS				
Beginning of year	<u>103,233</u>	<u>93,168,182</u>	<u>93,271,415</u>	<u>10,056</u>
End of year	<u>\$ 3,313</u>	<u>\$ 10,182,715</u>	<u>\$ 10,186,028</u>	<u>\$ 93,271,415</u>

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

GULF COAST RESTORATION AND PROTECTION FOUNDATION

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011
(with comparative totals for 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (83,085,387)	\$ 93,261,359
Adjustments for non-cash items:		
Change in operating assets and liabilities:		
Due from vendor	771,052	(3,584,000)
Prepaid assets	529	(3,291)
Contracts and accounts payable	(760,030)	660,030
Net increase (decrease) in cash	(83,073,836)	90,334,098
CASH		
Beginning of year	90,444,154	110,056
End of year	\$ 7,370,318	\$ 90,444,154

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

GULF COAST RESTORATION AND PROTECTION FOUNDATION

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The Gulf Coast Restoration and Protection Foundation (Foundation) is a not-for-profit organization formerly known as the LRA Support Foundation (LRASF). LRASF was formed to provide external resources and support to the Louisiana Recovery Authority, a public body whose mission was to support Louisiana's recovery from Hurricanes Katrina and Rita. During 2010, LRASF changed its name to the Gulf Coast Restoration and Protection Foundation, whose mission is to provide temporary relief to victims of disasters, both natural and man-made, along the Gulf Coast who suffer financial or economic hardship as a result of such disasters. The Foundation's revenue consists primarily of voluntary contributions from individuals and organizations.

BP Exploration and Production, Inc. (BP) contributed \$100 million to the Foundation to create the Rig Worker Assistance Fund. The money is designated to fund financial assistance to certain workers who are experiencing economic hardship following the moratorium imposed by the United States federal government on deepwater oil drilling due to the oil spill that occurred in the Gulf of Mexico in April 2010. As of December 31, 2011, all eligible rig workers who applied for funds had been granted assistance. Under the terms of the agreement with BP, any remaining funds will be transferred to the Baton Rouge Area Foundation's fund "For the Future of the Gulf Fund", to be used to provide assistance to individuals, businesses, and localities experiencing economic hardship as a result of the Deepwater Horizon oil spill.

Basis of accounting

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

Basis of presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation does not have permanently restricted net assets.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation (Continued)

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 2010, from which the summarized information was derived.

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statements of cash flows, the Foundation considers cash in bank accounts and money market funds to be cash equivalents. None of the financial instruments are held for trading purposes.

Fair value of financial instruments

The carrying value of cash, prepaid expenses and payables approximate fair value due to the short-term maturity of these instruments.

Restricted net assets

During 2011, changes in temporarily restricted net assets were as follows:

	<u>12/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2011</u>
Economic development	\$ -	\$ 50,000	\$ (50,000)	\$ -
Rig Worker Assistance Fund/ For the Future of the Gulf Fund	<u>93,168,182</u>	<u>66,821</u>	<u>(83,052,288)</u>	<u>10,182,715</u>
Total	<u>\$ 93,168,182</u>	<u>\$ 116,821</u>	<u>\$ (83,102,288)</u>	<u>\$ 10,182,715</u>

When the related purpose restriction is satisfied, these temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Advertising

The Foundation expenses advertising costs as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to the appropriate classification.

Due from vendor

The Foundation entered into a contract for processing applications for requests for assistance, and advanced \$4,000,000 to the contractor for processing 6,000 applications. The advance is expensed based on contracts processed with any remaining portion reflected as due from vendor.

Income tax status

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, the financial statements have no provision for federal and state income tax. The Foundation files a Form 990 tax return in the U.S. federal jurisdiction. The Foundation follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management of the Foundation believes it has no material uncertain tax positions and has not recognized any liability for unrecognized tax benefits. The Foundation's open audit periods are 2008 through 2011.

NOTE 2 - RELATED PARTIES

The Foundation utilizes facilities and personnel of the Baton Rouge Area Foundation (BRAAF) for administrative assistance. These services aggregate \$1.9 million, paid in ten monthly installments of \$190,000, beginning in September 2010, which is recorded in the financial statements as a component of general and administrative expenses. During 2011, the Foundation incurred \$1,140,000 in charges from BRAAF.

Under the terms of an agreement with BP, any funds remaining, after grants to rig workers were paid, will be transferred to a BRAAF fund, "For the Future of the Gulf Fund", that will be used to provide assistance to individuals, businesses, and localities experiencing economic hardship as a result of the Deepwater Horizon oil spill. As of December 31, 2011, a contribution of \$75 million was made to this fund.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject the Foundation to concentrations of credit risk consist primarily of cash in money market funds. The Foundation typically maintains cash and cash equivalents in local banks that may, at times, exceed the FDIC limits. Management believes the risk is limited.

NOTE 4 - SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report which was the date the financial statements were available to be issued.



**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
Gulf Coast Restoration and Protection Foundation
Baton Rouge, Louisiana

We have audited the financial statements of the **GULF COAST RESTORATION AND PROTECTION FOUNDATION**, (Foundation) (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012. 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

Management of the Foundation is responsible for establishing and maintaining effective 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.

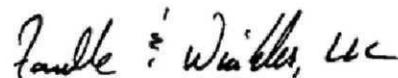
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 contracts, noncompliance with which could have a direct and material effect on the determination of financial statement 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 for the information of the Foundation, management, and the Louisiana Legislative Auditor 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 Louisiana Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2012

GULF COAST RESTORATION AND PROTECTION FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2011

1) Summary of Auditors' Results:

- A) The type of report issued on the financial statements: **Unqualified opinion.**
- B) Significant deficiencies in internal control disclosed by the audit of financial statements: **None.**
Material weaknesses: **None.**
- C) Noncompliance that is material to the financial statements: **None.**
- D) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**