

9158

Financial Report



South Louisiana Economic Council
Assumption • Lafourche • St. Mary • Terrebonne

Thibodaux, LA

For the year ended December 31, 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 8/15/07



e reports/LLA
Sent by: Jo Ann Johnson
08/09/2007 07:55 AM

To "Sara Prejean" <sarap@bb-cpa.com>
cc
bcc
Subject Re: South Louisiana Economic Council #9158

Received Report.

Engagement/Report Processing Department
Office of Legislative Auditor
"Sara Prejean" <sarap@bb-cpa.com>



"Sara Prejean"
<sarap@bb-cpa.com>
08/08/2007 04:53 PM

To <ereports@lla.state.la.us>, "Dan Toepfer"
<dant@bb-cpa.com>, "Suzanne Kaplan"
<suzannel@bb-cpa.com>
cc
Subject South Louisiana Economic Council #9158

I am sending a corrected copy of South Louisiana Economic Council's year end December 31, 2006 report. There was an error on a few pages that stated South Lafourche Economic Council instead of South Louisiana Economic Council. These pages that the corrections were made on are pages 1, 3, 4, 5, 6 and page 15.

Please feel free to contact Daniel Toepfer at (985) 868-0139 if you have any questions.

Thank you,

*Sara K. Prejean
Administrative Assistant
Bourgeois Bennett, L.L.C.
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Required notice if this communication includes tax advice:

TABLE OF CONTENTS

South Louisiana Economic Council, Inc.

For the year ended December 31, 2006

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii
Financial Section		
Independent Auditor's Report		1 - 2
Statement of Financial Position	A	3
Statement of Activities	B	4
Statement of Functional Expenses	C	5
Statement of Cash Flows	D	6
Notes to Financial Statements	E	7 - 12
Special Reports of Certified Public Accountants		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		13 - 14
Schedule of Findings and Responses		15
Reports by Management		
Schedule of Prior Year Findings and Responses		16
Management's Corrective Action Plan		17

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
South Louisiana Economic Council, Inc.,
Thibodaux, Louisiana

We have audited the accompanying statement of financial position of South Louisiana Economic Council, Inc. (the Council), a non-profit organization, as of December 31, 2006 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of South Louisiana Economic Council, Inc., as of December 31, 2006, and its 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 May 31, 2007 on our consideration of the Council'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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
May 31, 2007.

STATEMENT OF FINANCIAL POSITION**South Louisiana Economic Council, Inc.**

December 31, 2006

Assets

Current assets

Cash	\$	44,891
Grant and contract receivables		74,042
Prepaid auto lease		6,971
Prepaid printing		3,750
Due from LA 1 Coalition		11,490
Due from Restore or Retreat		1,802
		<u>142,946</u>
Total current assets		<u>142,946</u>

Property and equipment

Office furniture and equipment		137,602
Accumulated depreciation		<u>(113,765)</u>
Property and equipment, net		<u>23,837</u>

Other assets

Deposits		<u>606</u>
Total assets	\$	<u><u>167,389</u></u>

Liabilities

Current liabilities

Accounts payable	\$	23,814
Line of credit		100,000
Refundable advances		1,195
Other accrued liabilities		<u>2,817</u>
Total liabilities		<u>127,826</u>

Net Assets

Unrestricted net assets		<u>39,563</u>
Total net assets		<u>39,563</u>
Total liabilities and net assets	\$	<u><u>167,389</u></u>

See notes to financial statements

STATEMENT OF ACTIVITIES**South Louisiana Economic Council, Inc.**

For the year ended December 31, 2006

Unrestricted support and revenues	
Governmental grants and contracts	\$ 558,214
Private donations	50,000
Seminar and conference sponsorship revenues	8,497
Use of contributed facility	9,100
Interest income	171
Other Income	13,991
	<hr/>
Total unrestricted support and revenues	639,973
	<hr/>
Expenses	
Economic development programs	446,046
General and administrative	235,594
	<hr/>
Total expenses	681,640
	<hr/>
Decrease in unrestricted net assets	(41,667)
	<hr/>
Net Assets	
Beginning of year	81,230
	<hr/>
End of year	\$ 39,563
	<hr/>

See notes to financial statements

STATEMENT OF FUNCTIONAL EXPENSES

South Louisiana Economic Council, Inc.

For the year ended December 31, 2006

	Economic Development Programs	General and Administrative	Total
Advertising	\$ 10,092	\$ 2,104	\$ 12,196
Automobile expenses	8,459	-	8,459
Bank charges	-	304	304
Depreciation	9,004	3,114	12,118
Dues & subscriptions	2,025	6,849	8,874
Insurance	6,150	31,154	37,304
Interest	-	3,169	3,169
Lease	4,366	-	4,366
Meeting expense	4,774	14,734	19,508
Miscellaneous	44	5,052	5,096
Office supplies	13,443	992	14,435
Payroll taxes	11,352	7,504	18,856
Postage	1,206	366	1,572
Printing	2,088	6,064	8,152
Professional fees	198,789	57,249	256,038
Rent expense	4,914	4,186	9,100
Salaries	132,038	87,294	219,332
Telephone	5,670	2,900	8,570
Training programs	4,668	2,559	7,227
Travel	26,964	-	26,964
Current liabilities			
Total expenses	<u>\$ 446,046</u>	<u>\$ 235,594</u>	<u>\$ 681,640</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS**South Louisiana Economic Council, Inc.**

For the year ended December 31, 2006

Cash flows from Operating Activities:	
Decrease in unrestricted net assets	\$ (41,667)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:	
Decrease (increase) in operating assets:	
Depreciation	12,118
Grant receivable	29,929
Prepaid automobile lease	8,366
Due from LAI Coalition	(4,263)
Due from Restore or Retreat	3,476
Increase (decrease) in operating liabilities:	
Accounts payable	(45,673)
Deferred revenue	(42,000)
Other accrued liabilities	1,097
Total adjustments	(36,950)
Net cash used in operating activities	<u>(78,617)</u>
Cash flows from Financing Activities:	
Line of Credit	<u>100,000</u>
Net increase in cash	21,383
Cash at beginning of year	<u>23,508</u>
Cash at end of year	<u><u>\$ 44,891</u></u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS**South Louisiana Economic Council, Inc.****December 31, 2006****Note 1 – Summary of Significant Accounting Policies****a) Nature of Organization**

The South Louisiana Economic Council, Inc. (the Council), a non-profit corporation, was organized on March 16, 1984, to encourage economic development in the four parish area of Assumption, Lafourche, St. Mary, and Terrebonne. The objective of the Council is to spur economic growth by encouraging and facilitating existing local industry to expand and to entice industry from out-of-state to locate in the region. The Council also acts as coordinator for various economic and workforce development activities and programs in the four-parish area. The Council is supported primarily through unrestricted grants from the local governments within the four-parish area it serves, grants from the State Government of Louisiana and by unrestricted support received from local private industry. Governmental grants comprised approximately 89% of total unrestricted support and revenue for the year ended December 31, 2006.

b) Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Council is required to report 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 Council had no temporarily restricted net assets or permanently restricted net assets at December 31, 2006.

c) Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Note 1 – Summary of Significant Accounting Policies (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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

e) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Council had no cash equivalents at December 31, 2006.

f) Revenue Recognition

The Council follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions and grants are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor or grantor restrictions. During 2006, the Council did not receive any restricted contributions.

g) Property and Equipment.

Property and equipment are recorded at historical cost and are depreciated on the straight-line method over their estimated useful lives as follows:

Office equipment	3-7 years
Leasehold improvements	10 years

Expenditures for renewals and betterments are capitalized and expenditures for ordinary maintenance and repairs are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold, if any, are removed from the respective accounts and gains or losses thereon are included in operations. Depreciation expense for the year ended December 31, 2006 totaled \$12,118.

Note 1 – Summary of Significant Accounting Policies (Continued)

h) Accumulated Vacation and Sick Leave

Vacation does not carryover to future years, but sick leave does carryover. All full time employees earn one day of sick leave per month worked which may be accumulated and carried forward from year to year up to a maximum of 240 hours or 30 days. Accumulated sick leave is not payable to employees upon termination and is therefore not accrued.

i) Advertising Costs.

Advertising costs are charged to operations when incurred, except for direct-response advertising. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There were no direct-response advertising costs incurred during the year. Advertising costs incurred and charged to operations was \$12,196 for the year ended December 31, 2006.

j) Income Taxes

The Council is a non-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. The Council does not participate in activities that produce unrelated business taxable income. Accordingly, no provisions for income taxes have been made in the financial statements.

Note 2 – Concentrations of Credit Risk

The Council maintains bank accounts at two banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2006, amounts on deposit at these banks did not exceed FDIC insurance.

Note 3 – Funding

The Council receives funding primarily through grants and contracts from local governments and corporations, and from governmental and corporate sponsorships for economic development and training seminars hosted by the Council.

Note 3 – Funding (Continued)

Governmental funding grants were received from the following sources during the year:

Federal Government:	
Nicholls State University - Center for Economic Growth and Development	\$ 57,107
State of Louisiana:	
Department of Economic Development	281,471
Department of Treasury	111,540
University of Louisiana at Lafayette - Louisiana Procurement Technical Assistance Center	16,796
Lafourche Parish	56,300
St. Mary Parish	25,000
Other	10,000
	\$ 558,214

During the year ended December 31, 2006, the Council entered into a cooperative endeavor (contract) with the Louisiana Department of Economic Development (LED). Pursuant to this contract the Council is to provide services to initiate planning for the establishment of the Center for Economic Growth and Technology for the Nicholls State University campus in Thibodaux, Louisiana. The contract calls for payments to be made to the Council on a cost reimbursement basis. During December 31, 2006, the Council earned and expended \$338,578 related to this contract, representing approximately 61% of the Council's revenues and expenses.

Note 4 – Allocation of Expenses

The cost of providing various activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and activities benefited.

Note 5 – Deferred Compensation Plan

Employees of the Council have the option to participate in a deferred compensation program as defined by Internal Revenue Code Section 403 (b) (tax sheltered annuities). The Council has the responsibility for withholding and remitting contributions from participants to the plan. There is no (zero) matching contribution requirement for the Council. An insurance company serves as administrator and has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specifications and reporting annually to the participant and the Company on the status of the plan.

Note 6 – Contributed Facility

The Council received an in-kind contribution, estimated by management to amount to approximately \$9,100 annually, for office space rentals during the year from Nicholls State University at no cost to the Council. The estimated fair value of this facility is reported as unrestricted support and expense in the period in which the facility was used.

Note 7 – Operating Lease

The Council leased a vehicle under a non-cancelable two year operating lease on November 14, 2005. The Council paid 100% of the cost of the lease in advance. The portion of lease cost related to the current year is charged to operations, and the portion of the lease cost applicable to future periods is included on the balance sheet as a prepaid auto lease. For the year ended December 31, 2006, lease expense incurred totaled \$8,366.

Note 8 – Prepaid Printing

During the year ended December 31, 1996, the Council purchased prepaid specialized printing services from the South Central Planning Commission. As services are rendered to the Council the prepaid amount is credited. The original amount of the contract was \$5,000 and the balance at December 31, 2006 is \$3,750. None of the prepaid printing services were used during the year ended December 31, 2006.

Note 9 – Economic Dependence

The Council receives a substantial portion of its funding from a limited number of sources. Should one or more of these sources withdraw funding, the Council would not be able to sustain operations as it is presently structured.

Note 10 – Related Parties

The Council entered into an agreement to provide administrative, secretarial, support, and payroll services, to the LA 1 Emergency Coalition, a not for profit entity whose mission is to improve the condition of Louisiana Highway 1 in lower Lafourche Parish to Port Fourchon, which is an issue management believes is related to the economic success and viability of the region. The Council is reimbursed for salaries and related payroll taxes after each pay period. The Council also received \$5,000 as compensation for un-reimbursed time and expenses during the year ended December 31, 2006.

The Council also entered into an agreement to provide administrative, secretarial, support, and payroll services, to Restore or Retreat, Incorporated, a not for profit entity whose mission is to engage in solutions to achieve comprehensive coastal restoration of the Barataria and Terrebonne estuaries, which is an issue management believes is related to the economic success and viability of the region. The Council is reimbursed for salaries and related payroll taxes after each pay period. The Council also received \$5,000 as compensation for un-reimbursed time and expenses during the year ended December 31, 2006.

During the year ended December 31, 2003 the Council entered into a continuing contract with the secretary-treasurer of the board. Under the terms of the contract, this individual will provide operational and administrative services as needed to the Council at an hourly rate of \$125. During the year ended December 31, 2006, the council paid \$10,188 for services rendered under the contract.

Note 11 – Line of Credit

On July 29, 2005 the Council obtained a \$100,000 revolving line of credit from Coastal Commerce Bank to help finance its operating needs. The loan is secured by accounts with the bank and accounts receivable. Interest is payable on outstanding balances at the Bank's "Prime" interest rate. The outstanding balance is due upon demand of the Lender or in full by June 2025. At December 31, 2006, the "Prime" interest rate was 8.95% and the Council's line of credit balance was \$100,000.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**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,
South Louisiana Economic Council, Inc.,
Thibodaux, Louisiana.

We have audited the financial statements of South Louisiana Economic Council, Inc., (the Council), as of and for the year ended December 31, 2006, which collectively comprise the Council's financial statements and have issued our report thereon dated May 31, 2007. 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 Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council'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 Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

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13
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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 Council'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 Council'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 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 solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and others within the entity 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
May 31, 2007.

SCHEDULE OF FINDINGS AND RESPONSES

South Louisiana Economic Council, Inc.

For the year ended December 31, 2006

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

South Louisiana Economic Council, Inc. did not expend federal awards greater than \$500,000 during the year ended December 31, 2006.

Section II Financial Statement Findings

No financial statements findings were noted during the audit for the year ended December 31, 2006.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

South Louisiana Economic Council, Inc.

For the year ended December 31, 2006

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2005.
No reportable conditions were reported during the audit for the year ended December 31, 2005.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2005.

Section II Internal Control and Compliance Material to Federal Awards

South Louisiana Economic Council, inc. did not expend federal awards greater than \$500,000 during the year ended December 31, 2005.

Section III Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2005.

MANAGEMENT'S CORRECTIVE ACTION PLAN

South Louisiana Economic Council, Inc.

For the year ended December 31, 2006

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2006.

No significant deficiencies were reported during the audit for the year ended December 31, 2006.

Internal Control

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2006.

Section II Internal Control and Compliance Material to Federal Awards

South Louisiana Economic Council, Inc. did not expend federal awards greater than \$500,000 during the year ended December 31, 2006.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2006.