

REPORT

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION

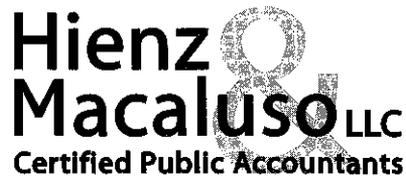
DECEMBER 31, 2011

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION

INDEX TO REPORT

DECEMBER 31, 2011

| | <u>PAGE</u> |
|--|-------------|
| INDEPENDENT ACCOUNTANT'S REVIEW REPORT | 1 |
| FINANCIAL STATEMENTS: | |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Functional Expenses | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6 – 8 |
| INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES | 9 – 11 |
| Summary Schedule of Findings | 12 |
| Louisiana Attestation Questionnaire | 13 - 14 |



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

June 29, 2012

Board of Directors
St. Bernard Economic Development Foundation
Chalmette, LA

We have reviewed the accompanying statement of financial position of the St. Bernard Economic Development Foundation (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

This report is only intended to present the financial position and activities of the St. Bernard Economic Development Foundation and not its related organization, the St. Bernard Economic Development Commission, as disclosed in Note 7 to the financial statements.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated June 29, 2012, on the results of our agreed-upon procedures.

Hienz & Macaluso, LLC

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current Assets

| | |
|-----------------------------|-----------------------|
| Cash and cash equivalents | \$ 83,289 |
| Grants receivable | 31,250 |
| Prepaid expenses | <u>129,921</u> |
| Total current assets | <u><u>244,460</u></u> |

Property and Equipment

| | |
|--|----------------------|
| Furniture and equipment | 24,200 |
| Accumulated depreciation | <u>(4,654)</u> |
| Total property and equipment, net | <u><u>19,546</u></u> |

| | |
|---------------------|--------------------------|
| Total assets | <u><u>\$ 264,006</u></u> |
|---------------------|--------------------------|

LIABILITIES AND NET ASSETS

| | |
|--------------------------|----------|
| Total liabilities | <u>-</u> |
|--------------------------|----------|

Net assets

| | |
|-----------------------------------|-----------------------|
| Unrestricted net assets | 264,006 |
| Temporarily restricted net assets | - |
| Permanently restricted net assets | <u>-</u> |
| Total net assets | <u><u>264,006</u></u> |

| | |
|---|--------------------------|
| Total liabilities and net assets | <u><u>\$ 264,006</u></u> |
|---|--------------------------|

See independent accountant's review report and accompanying notes.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---------------------------------------|-------------------|---------------------------|---------------------------|-------------------|
| Revenues | | | | |
| Grants | \$ 125,000 | \$ 190,000 | \$ - | \$ 315,000 |
| Donations | 52,000 | - | - | 52,000 |
| Other income | 4,706 | - | - | 4,706 |
| Net Assets Released from Restrictions | 190,000 | (190,000) | - | - |
| Total Revenue | 371,706 | - | - | 371,706 |
| Expenses | | | | |
| Program Services | | | | |
| Economic development | 320,831 | - | - | 320,831 |
| Total Program | 320,831 | - | - | 320,831 |
| Support services | | | | |
| General and administrative | 26,116 | - | - | 26,116 |
| Total Support Services | 26,116 | - | - | 26,116 |
| Total expenses | 346,947 | - | - | 346,947 |
| Change in net assets | 24,759 | - | - | 24,759 |
| Net assets, beginning of year | 239,247 | - | - | 239,247 |
| Net assets, end of year | \$ 264,006 | \$ - | \$ - | \$ 264,006 |

See independent accountant's review report and accompanying notes.

**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | Program | General and Administrative | Total |
|----------------------------|-------------------|-------------------------------|-------------------|
| Salaries and payroll taxes | \$ 83,140 | \$ 14,672 | \$ 97,812 |
| Bank charges | - | 135 | 135 |
| Consulting | 190,000 | - | 190,000 |
| Repairs and maintenance | 220 | 39 | 259 |
| Depreciation | 3,171 | 560 | 3,731 |
| Equipment lease | 1,434 | 253 | 1,687 |
| Insurance | 6,325 | 1,116 | 7,441 |
| Meals and entertainment | 6,889 | 1,216 | 8,105 |
| Office supplies | - | 3,096 | 3,096 |
| Dues | 293 | 52 | 345 |
| Pension expense | 956 | 169 | 1,125 |
| Payroll processing | 1,121 | 198 | 1,319 |
| Professional fees | 7,330 | 1,294 | 8,624 |
| Telephone | 5,347 | 944 | 6,290 |
| Cash back | 1,150 | - | 1,150 |
| Rent | 13,454 | 2,374 | 15,828 |
| | <u>\$ 320,831</u> | <u>\$ 26,116</u> | <u>\$ 346,947</u> |

See independent accountant's review report and accompanying notes.

**ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | |
|---|------------------|
| Cash Flows from Operating activities | |
| Change in net assets | \$ 24,759 |
| Adjustments to reconcile change in net assets net cash provided by operating activities: | |
| Depreciation | 3,731 |
| Decrease in prepaid expense | 15,828 |
| Total adjustments | <u>19,559</u> |
| Net cash provided by operating activities | <u>44,318</u> |
| Cash Flows from Investing Activities | |
| Purchase of property and equipment | <u>(1,274)</u> |
| Net cash used in investing activities | <u>(1,274)</u> |
| Net increase in cash and cash equivalents | 43,044 |
| Cash and cash equivalents, beginning of year | <u>40,245</u> |
| Cash and cash equivalents, end of year | <u>\$ 83,289</u> |

See independent accountant's review report and accompanying notes.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1. Summary of Significant Accounting Policies

Nature of Activities

The St. Bernard Economic Development Foundation (the Foundation) is a not-for-profit corporation whose mission is to enhance economic development and commerce in St. Bernard Parish and the State of Louisiana. The Foundation's primary sources of revenues are governmental grants and contributions. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement 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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

The Foundation records contributions when a donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other 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, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

The Foundation capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

The Foundation's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed. The Foundation records interest and penalties related to its tax positions as income tax expense.

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.

Note 2. Property and Equipment

Property and equipment consist of the following:

| | |
|--------------------------------|-----------------|
| Furniture | \$20,552 |
| Equipment | <u>3,648</u> |
| | 24,200 |
| Less: Accumulated Depreciation | <u>(4,654)</u> |
| Total | <u>\$19,546</u> |

Depreciation expense was \$3,731 for the year ended December 31, 2011.

Note 3. Concentration of Credit Risk

The Foundation maintained balances with one financial institution. At times during the year, the amounts may exceed federally insured limits.

Note 4. Release of Restricted Net Assets

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose and by satisfying the time restriction.

| | |
|-------------------------------------|------------------|
| Economic Development Administration | <u>\$190,000</u> |
|-------------------------------------|------------------|

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 5. Rent

The Foundation leases its space under the terms of an operating lease which expires on March 17, 2020. Total rent expense for the year ended December 31, 2011 was \$15,828. The total amount due over the course of the lease was prepaid during 2010. At December 31, 2011, prepaid rent totaled \$129,921.

Monthly payments due under the lease would be as follows:

Year ending December 31

| | |
|------------|------------------|
| 2012 | \$ 15,828 |
| 2013 | 15,828 |
| 2014 | 15,828 |
| 2015 | 15,828 |
| 2016 | 15,828 |
| Thereafter | <u>50,781</u> |
| Total | <u>\$129,921</u> |

Note 6. Functional Allocation of Expenses

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

Note 7. Related Party Transactions

The Foundation received a donation in the amount of \$52,000 from the St. Bernard Economic Development Commission, an entity which shares the same executive director and board members as the Foundation.

Note 8. Date of Management's Review

Management has evaluated subsequent events through June 29, 2012, the date the financial statements were available to be issued.

Other Reports



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

June 29, 2012

Board of Directors
St. Bernard Economic Development Foundation
Chalmette, LA

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the St. Bernard Economic Development Foundation and the Legislative Auditor, State of Louisiana, and applicable state grantor agencies solely to assist the users in evaluating management's assertions about the St. Bernard Economic Development Foundation's compliance with certain laws and regulations during the year ended December 31, 2011 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the St. Bernard Economic Development Foundation is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State and Local Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

| | <u>Federal</u> | <u>Local</u> |
|-------------------------------------|----------------|--------------|
| Economic Development Administration | \$ 190,000 | \$ |
| St. Bernard Parish Government | | 125,000 |

2. For each federal, state, and local award, we randomly selected 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in procedure 2, we traced the twelve disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the twelve selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the twelve disbursements were properly coded to the correct fund and general ledger account.

Each of the disbursements selected were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the twelve disbursements received approval from proper authorities.

Inspection of documentation supporting each of the twelve selected disbursements indicated each disbursement had checks with dual signatures as required by policy.

6. For the items selected in procedure 2: for state and local awards, we determined whether the disbursements complied with the grant agreement relating to :

Activities allowed or unallowed:

The allowability requirements appeared to be met for each of the previously listed disbursements.

Eligibility:

Disbursements appeared to be in accordance with the requirements of the grants.

Reporting:

Disbursements were properly reported to the grantor agencies.

7. For the programs selected for testing in item 2 that had been closed out during the period under review, we compared the close-out report, when required, with the agency's financial records to determine whether the amounts agree.

The grant from the Economic Development Administration has not been closed out as of the date of this report; therefore, no close-out report is currently due.

The local grant did not require a close-out report as a condition of the grant.

Open Meetings

8. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

During the course of our procedures, we noted that agendas for meetings recorded in the minutes were not posted as an open meeting as required by Louisiana R.S. 42:1 through 42:13 (the open meetings law). **See Finding 2011-01.**

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose or duration, and for state grants included specific goals and objectives and measures of performance.

The St. Bernard Economic Development Foundation provided a comprehensive budget to the applicable grantor agency for the program mentioned previously. The budget specified the anticipated use of the funds, estimation of the duration of the project, and plans showing specific goals and objectives that included measures of performance. The local grant had no specific budget requirements.

Prior Comments and Recommendations

10. We reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Not applicable.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the St. Bernard Economic Development Foundation, the Legislative Auditor, State of Louisiana, and the applicable state grantor agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC

ST. BERNARD ECONOMIC DEVELOPMENT FOUNDATION
Summary Schedule of Findings
For the Year Ended December 31, 2011

Finding 2011-01 Open Meetings Law

During the course of our procedures, we noted that agendas for meetings recorded in the minutes were not posted as an open meeting as required by Louisiana R.S. 42:1 through 42:13 (the open meetings law).

Management's Corrective Action Plan:

The outgoing Executive Director, Rebecca Martin, has received a copy of the *Open Meeting Law* and has been made aware of the deficiency in public notices. The SBEDF Board of Directors will also be made aware of the oversight and ensure SBEDF meetings and agendas will be posted as required, including any meetings that occur in the absence of staff. As soon as he/she is employed, it will be made clear to the incoming Executive Director this law must be followed to the letter for every meeting.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

3/7/12 (Date Transmitted)

HIENZ + MACALUSO, LLC.
110 VETERANS MEMORIAL BLD., SUITE 170
MONROE, LA 70005

(Auditors)

In connection with your review of our financial statements as of December 31 2011 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

N/A
Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

| | | |
|--------------------|-----------|--------------------|
| _____ | Secretary | <i>[Signature]</i> |
| <u>Date</u> | | |
| <i>3-7-12</i> | | |
| _____ | Treasurer | <i>[Signature]</i> |
| <u>Date</u> | | |
| <i>[Signature]</i> | | |
| _____ | President | <i>3/7/2012</i> |
| <u>Date</u> | | |