
PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

Pontchartrain
Conservancy



SCIENCE FOR OUR COAST. SINCE 1989.

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Pontchartrain Conservancy and Save Our Lake Endowment, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pontchartrain Conservancy (the Conservancy) and Save Our Lake Endowment, Inc. (the Endowment), collectively, the Entity, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements and schedule of compensation, benefits, and other payments to agency head are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022, on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
May 31, 2022

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021

	2021	2020
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 260,921	\$ 152,386
Cash restricted for program expenditures	672,174	601,738
Grants receivable	592,814	147,766
Inventory	16,177	15,139
Prepaid expenses and deposits	553	878
Other receivables	8,057	4,945
Investments	142,960	129,098
Other current assets	6,256	6,256
Total current assets	1,699,912	1,058,206
Property and equipment, net	870,217	919,673
Total assets	\$ 2,570,129	\$ 1,977,879
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 145,076	\$ 57,930
Accrued liabilities	47,233	108,162
Line of credit	-	180,000
Refundable advances	356,655	35,000
Current portion of notes payable	17,292	11,198
Total current liabilities	566,256	392,290
<u>NOTES PAYABLE, LESS CURRENT PORTION</u>	495,291	494,123
Total liabilities	1,061,547	886,413
<u>NET ASSETS</u>		
Without donor restrictions	898,224	501,872
With donor restrictions	610,358	589,594
Total net assets	1,508,582	1,091,466
Total liabilities and net assets	\$ 2,570,129	\$ 1,977,879

The accompanying notes are an integral part of these consolidated financial statements.

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and Support</u>			
Contracts- Federal	\$ 62,626	\$ -	\$ 62,626
Contracts- Local Government	58,387	-	58,387
Grants- Federal	736,637	11,628	748,265
Grants- Non-Federal	1,200,552	265,306	1,465,858
Contributions	193,496	18,507	212,003
Fundraising			
Events (Net of direct benefits to donors of \$23,837)	(14,458)	-	(14,458)
Exchange portion of membership dues	3,225	-	3,225
Exchange portion of grants	300	-	300
Lighthouse			
Museum admissions, net	5,724	-	5,724
Facility rental	39,085	-	39,085
Museum Shop (Net of direct merchandise expense of \$5,510)	2,117	-	2,117
Occupancy	340	-	340
In-kind Donations			
Donated goods	120,522	-	120,522
Donated services	293,525	-	293,525
Other Income			
Investment income	16,149	1,294	17,443
Miscellaneous income	11,496	-	11,496
Paycheck Protection Program income	219,486	-	219,486
Economic Injury Disaster Loan income	10,000	-	10,000
Fee for service	2,553	-	2,553
Employee Retention Tax Credit (refundable portion)	318,339	-	318,339
Net assets released from restrictions	275,971	(275,971)	-
Total revenues and other support	<u>3,556,072</u>	<u>20,764</u>	<u>3,576,836</u>
<u>Expenses</u>			
Program expenses			
Community outreach	806,693	-	806,693
Scientific programs	1,771,645	-	1,771,645
Total program expenses	<u>2,578,338</u>	<u>-</u>	<u>2,578,338</u>
Supporting services			
Fundraising	156,995	-	156,995
Management and general	424,387	-	424,387
Total supporting services	<u>581,382</u>	<u>-</u>	<u>581,382</u>
Total expenses	<u>3,159,720</u>	<u>-</u>	<u>3,159,720</u>
Change in net assets	396,352	20,764	417,116
<u>Net Assets, Beginning of Year</u>	<u>501,872</u>	<u>589,594</u>	<u>1,091,466</u>
<u>Net Assets, End of Year</u>	<u>\$ 898,224</u>	<u>\$ 610,358</u>	<u>\$ 1,508,582</u>

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

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and Support</u>			
Contracts- Federal	\$ 84,350	\$ -	\$ 84,350
Contracts- Local Government	54,000	-	54,000
Grants- Federal	582,308	28,005	610,313
Grants- Non-Federal	1,234,886	166,710	1,401,596
Contributions	200,276	2,480	202,756
Fundraising			
Events (Net of direct benefits to donors of \$5,495)	1,355	-	1,355
Exchange portion of membership dues	966	-	966
Lighthouse			
Museum admissions, net	7,843	-	7,843
Facility rental	1,910	-	1,910
Museum shop (Net of direct merchandise expense of \$5,142)	(141)	-	(141)
Pontchartrain Beach Rental	100	-	100
In-kind Donations			
Donated goods	183,345	-	183,345
Donated services	202,208	-	202,208
Other Income			
Investment income	16,682	831	17,513
Miscellaneous income	8,022	-	8,022
Paycheck Protection Program income	219,400	-	219,400
Net assets released from restrictions	241,125	(241,125)	-
Total revenues and other support	<u>3,038,635</u>	<u>(43,099)</u>	<u>2,995,536</u>
<u>Expenses</u>			
Program expenses			
Community outreach	943,851	-	943,851
Scientific programs	1,667,441	-	1,667,441
Total program expenses	<u>2,611,292</u>	<u>-</u>	<u>2,611,292</u>
Supporting services			
Fundraising	185,202	-	185,202
Management and general	476,329	-	476,329
Total supporting services	<u>661,531</u>	<u>-</u>	<u>661,531</u>
Total expenses	<u>3,272,823</u>	<u>-</u>	<u>3,272,823</u>
Change in net assets	(234,188)	(43,099)	(277,287)
<u>Net Assets, Beginning of Year</u>	<u>736,060</u>	<u>632,693</u>	<u>1,368,753</u>
<u>Net Assets, End of Year</u>	<u>\$ 501,872</u>	<u>\$ 589,594</u>	<u>\$ 1,091,466</u>

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

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services		Supporting Services		Totals
	Community Outreach	Scientific Programs	Fundraising	Management and General	
Salaries and stipends	\$ 226,668	\$ 482,215	\$ 26,821	\$ 246,724	\$ 982,428
Fringe benefits and payroll taxes	25,625	65,687	2,486	33,356	127,154
Advertising/PSA	88,268	688	3,580	5	92,541
Administrative expense	5,880	6,282	847	20,556	33,565
Computer and copier maintenance	39,621	48,638	13,436	21,343	123,038
Contractual services	45,972	226,690	17,722	19,888	310,272
Insurance	20,920	10,743	2,617	4,872	39,152
Occupancy	19,824	32,764	9,639	13,469	75,696
Printing and postage	2,113	1,005	559	1,648	5,325
Professional services	75,059	501,123	71,203	40,734	688,119
Repairs and maintenance	20,083	-	763	173	21,019
Supplies and equipment	48,349	32,066	3,879	2,220	86,514
Utilities	13,329	10,785	1,338	5,315	30,767
Travel	8,779	10,164	828	3,237	23,008
Vehicle and boat maintenance	(94)	33,855	12	1	33,774
Depreciation expense	59,998	13,303	-	-	73,301
In-kind donations	106,299	295,637	1,265	10,846	414,047
Total expenses per the statement of activities	806,693	1,771,645	156,995	424,387	3,159,720
Expenses netted against revenue					
Event expenses	4	-	23,781	52	23,837
Museum shop expenses	5,510	-	-	-	5,510
Total expenses	\$ 812,207	\$ 1,771,645	\$ 180,776	\$ 424,439	\$ 3,189,067

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

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services		Supporting Services		Totals
	Community Outreach	Scientific Programs	Fundraising	Management and General	
Salaries and stipends	\$ 257,851	\$ 503,127	\$ 46,934	\$ 265,386	\$ 1,073,298
Fringe benefits and payroll taxes	38,217	55,540	6,544	30,654	130,955
Advertising/PSA	73,046	1,740	4,181	-	78,967
Administrative expenses	3,305	4,748	630	30,265	38,948
Computer and copier maintenance	36,245	51,954	16,297	24,085	128,581
Contractual services	106,712	216,597	62,121	46,030	431,460
Insurance	41,586	12,936	2,987	5,621	63,130
Occupancy	9,928	25,985	4,892	16,074	56,879
Printing and postage	2,678	598	85	3,564	6,925
Professional services	193,380	379,202	36,888	36,622	646,092
Repairs and maintenance	1,370	843	24	5	2,242
Supplies and equipment	18,055	41,794	244	1,340	61,433
Utilities	14,085	14,565	2,400	4,586	35,636
Travel	5,086	7,707	907	3,079	16,779
Vehicle and boat maintenance	1,796	36,225	68	-	38,089
Depreciation expense	61,458	16,398	-	-	77,856
In-kind donations	79,053	297,482	-	9,018	385,553
Total expenses per the statement of activities	943,851	1,667,441	185,202	476,329	3,272,823
Expenses netted against revenue					
Event expenses	-	-	5,495	-	5,495
Museum shop expenses	5,142	-	-	-	5,142
Total expenses	\$ 948,993	\$ 1,667,441	\$ 190,697	\$ 476,329	\$ 3,283,460

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

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 417,116	\$ (277,287)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	73,301	77,856
Interest and dividends	(3,256)	(2,903)
Net realized and unrealized gain (loss) on investments	(8,175)	178
Loss on sale of fixed assets	5,474	872
Change in assets and liabilities		
Grants receivable	(445,048)	15,264
Other receivables	(3,112)	2,322
Prepaid expenses and deposits	325	(87)
Inventory	(1,038)	1,112
Other current assets	-	(2,208)
Accounts payable	87,146	(78,457)
Accrued liabilities	(60,929)	(33,915)
Refundable advances	321,655	35,000
	<u>383,459</u>	<u>(262,253)</u>
Net cash provided by (used in) operating operating activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of fixed assets	(29,319)	-
Purchases of investments	(11,993)	(86,580)
Proceeds from sales of investments	9,562	85,239
	<u>(31,750)</u>	<u>(1,341)</u>
Net cash used in investing activities		
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on line of credit	(180,000)	(70,000)
Proceeds from notes payable	25,186	500,000
Principal payments on notes payable	(17,924)	(3,372)
	<u>(172,738)</u>	<u>426,628</u>
Net cash provided by (used in) financing activities		
Net increase in cash	178,971	163,034
Cash, beginning of year	754,124	591,090
Cash, end of year	<u>\$ 933,095</u>	<u>\$ 754,124</u>
<u>RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION:</u>		
Cash and cash equivalents	\$ 260,921	\$ 152,386
Cash restricted for program expenditures	672,174	601,738
Total cash and cash equivalents	<u>\$ 933,095</u>	<u>\$ 754,124</u>
<u>SUPPLEMENTAL DISCLOSURES</u>		
Cash paid for interest	<u>\$ 8,627</u>	<u>\$ 21,691</u>

The accompanying notes are an integral part of these consolidated financial statements.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Organization and Summary of Significant Accounting Policies

Organization

Pontchartrain Conservancy (the Conservancy) is a non-profit, publicly supported organization and established under 501(c)(3) of the Internal Revenue Code. It was established and incorporated September 19, 1989 by Act 716 of the 1989 Louisiana Legislature for the purpose of the restoration and preservation of the environmental and ecological balance of the Lake Pontchartrain Basin.

On January 20, 1998, Save Our Lake Endowment, Inc. (the Endowment) was established to operate as a 501(c)(3) organization whose mission is to financially support the Pontchartrain Conservancy and its continuing efforts to restore and maintain Lake Pontchartrain.

The Conservancy and the Endowment are collectively referred to as the Entity.

The Conservancy operates the following programs and supporting services:

Community Outreach

Outreach activities provide information and referrals regarding our research and educational information to those that live within and around the Pontchartrain Basin.

Scientific Programs

The Conservancy also undertakes research in areas such as urban and rural storm water, wastewater treatment systems, industrial discharges, agricultural discharges, saltwater intrusion, coastal land loss, and habitat restoration.

Fundraising

Fundraising consists of raising funds, whether through grants, events, or otherwise, which provides for programs, operations, and the mission of the Entity.

Management and General

Management and general consist of oversight, general and financial operations, and technology maintenance for the Entity.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Conservancy and the Endowment. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation of Net Assets

The consolidated financial statements of the Entity have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), which require the Entity to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Entity. These net assets may be used at the discretion of the Entity’s management and board of directors.

Net Assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Entity or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Entity considers all highly liquid investments available for current use with an initial maturity of one year or less to be cash equivalents.

Investments

Investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the consolidated statements of activities. Investment return is reported as increases or decreases in net assets without donor restrictions unless the income is restricted by the donor or law.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management monitors outstanding balances and writes off all balances deemed uncollectible. Management believes all outstanding balances as of December 31, 2021 to be fully collectible.

Inventories

Inventories consist of goods for sale at the Lighthouse gift shop and are stated at the weighted-average cost method.

Other Receivables

Other receivables mainly consist of amounts due from tour groups and settlements from credit card purchases. The Entity provides for estimated uncollectible receivables on a specific account basis as determined by management. Management believes all outstanding balances are fully collectible.

Property and Equipment

Property and equipment are recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures, improvements, renewals, and betterments of \$500 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of property and equipment range from 3 to 40 years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any resulting gain or loss is recorded in the change in net assets.

Revenue Recognition

The Entity utilizes the guidance in Accounting Standard Update (“ASU”) 2018-08 in the assessment of whether revenue is an exchange transaction or contribution and considers factors including commensurate value received, reciprocity, and donor-imposed conditions.

The Entity recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

A portion of the Entity's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Entity has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Entity reported refundable advances totaling \$356,655 and \$35,000 as of December 31, 2021 and 2020, respectively.

The Entity recognizes revenue from museum admissions and merchandise at the point of sale. Membership dues, which are nonrefundable, are recognized over the membership period which is generally one year. The performance obligations include a monthly subscription to the Conservancy's newsletter, free admission to the New Canal Lighthouse Museum, lighthouse prints, and certain discounts. Dues are recognized during the fiscal year as services are simultaneously received and consumed by the members.

Special events revenue includes the cost of direct benefits to donors and contribution revenue. Direct benefits to donors for special events are generally received within the fiscal year the payments are received. If the direct benefits are received subsequent to the fiscal year end, revenue will be recognized in the period the benefits are received.

Rental revenue from the New Canal Lighthouse Museum is recognized when the performance obligation of the rental has occurred.

In-Kind Donations

The value of contributed services is recorded, at fair value, as revenues and support and expenses in the period received, provided there is an objective basis for measurement of the value of such services and they are significant, require specialized skills and form an integral part of the Conservancy's efforts. See Note 13 for the detail of in-kind donations for 2021 and 2020.

Income Taxes

Pontchartrain Conservancy and Save Our Lake Foundation, Inc. are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from State income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. Accordingly, no provision for income taxes has been included in the consolidated financial statements.

FASB ASC 740 provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statement. As of December 31, 2021, the Entity has determined that it does not have any uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax returns generally remain subject to examination by the taxing authorities for three years.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification. If an expenditure benefits more than one program or function, the allocation is based on direct relation to each program or function. The expenses that are allocated include salaries, employee benefits, and payroll taxes which are allocated based on hours worked on each identified program or grant. Depreciation, maintenance, supplies, legal and professional fees, printing and publications, and other expenses are allocated on the basis of staff head count. Insurance and occupancy are allocated based on square footage.

Compensated Absences

The Entity currently employs a compensated absences policy to which employees earn an escalating number of paid compensation hours each year based on the length of service provided to the Entity. Employees may carry over and accumulate annual leave time up to a maximum of 120 hours without forfeiture. As of December 31, 2021 and 2020, employees of the Entity had accumulated \$28,292 and \$42,661, respectively, of employee leave benefits. These amounts are included on the consolidated statements of financial position in accrued liabilities.

Advertising Expenses

The Entity expenses advertising costs as incurred. Advertising expense was \$92,541 and \$78,967 for the years ended December 31, 2021 and 2020, respectively.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. This reclassification had no effect on the previously reported change in net assets.

Recent Accounting Pronouncements - Not Yet Adopted

In February 2016, ASU 2016-02, *Leases* was issued. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, ASU 2018-11, *Leases (Topic 842): Targeted Improvements* was issued, to simplify the lease standard's implementation. On June 3, 2020, the effective date of this standard was deferred for certain entities. This standard will be effective for the Entity's fiscal year ending December 31, 2022. The Entity is currently assessing the impact of this pronouncement on the consolidated financial statements.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Organization and Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements- Not Yet Adopted (continued)

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Entity's fiscal year ending December 31, 2022. The Entity is currently assessing the impact of this pronouncement on the consolidated financial statements.

2. Cash Restricted for Program and Capital Expenditures

In accordance with Environmental Protection Agency grant agreements, the Conservancy is required to maintain separate checking accounts for which the use is restricted to the purpose of the grant. The Conservancy has also restricted funds to be used to fund the Lighthouse. As of December 31, 2021 and 2020, \$0 and \$5,741 was restricted, respectively, for the Lighthouse and \$672,174 and \$595,997, respectively, was restricted for program expenditures.

3. Liquidity and Availability

The following presents the Entity's financial assets and those available to meet general expenditures within one year at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 134,810	\$ 26,356
Grants receivable	592,814	147,766
Other receivables	8,057	4,945
Operating investments	111,835	101,967
Total	<u>\$ 847,516</u>	<u>\$ 281,034</u>

The Entity's objective is to maintain liquid financial assets without donor restrictions sufficient to cover twelve months of program expenditures.

Additionally, the Entity records in-kind donations that historically fund approximately 13% of annual program and supporting activities. See Note 13 for more information regarding these donations.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

4. Concentration of Credit Risk

The Entity has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). In addition, the Entity has cash equivalent accounts with a brokerage firm. The Securities Investor Protection Corporation insures these accounts up to \$250,000. The Entity has not experienced any losses, and does not believe that significant credit risk exists as a result of this practice. The Entity attempts to minimize risk in this area by sweeping all funds over \$100,000 from the Liberty Account with Restrictions to the Liberty Sweep Account.

5. Property and Equipment

Property and equipment consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 12,360	\$ 12,360
Lighthouse building	1,084,053	1,083,303
Boat and other program equipment	306,282	316,090
Leasehold improvements	213,207	213,207
Computer equipment	48,269	48,269
Furniture and fixtures	12,819	12,819
	<u>1,676,990</u>	<u>1,686,048</u>
Less accumulated depreciation	<u>(806,773)</u>	<u>(766,375)</u>
Property and equipment, net	<u>\$ 870,217</u>	<u>\$ 919,673</u>

6. Investments

Investments at December 31 consist of the following:

	<u>2021</u>	<u>2020</u>
Mutual Investments	\$ 111,835	\$ 101,967
Pooled Investment Accounts	31,125	27,131
	<u>\$ 142,960</u>	<u>\$ 129,098</u>

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Fair Value of Financial Instruments

Under the provisions of FASB ASC Topic, *Fair Value Measurement*, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This guidance establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1- Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgement.

Level 2- Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3- Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgement or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2021.

Pooled Investments- The fair value is determined by use of the calculated net asset value per ownership share.

Mutual Funds- The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Fair Value of Financial Instruments (continued)

The valuation of the Entity's assets measured at fair value on a recurring basis at December 31, 2021, are as follows:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 111,835	\$ -	\$ -	\$ 111,835
Pooled Investment Accounts	-	31,125	-	31,125
	<u>\$ 111,835</u>	<u>\$ 31,125</u>	<u>\$ -</u>	<u>\$ 142,960</u>

The valuation of the Entity's assets measured at fair value on a recurring basis at December 31, 2020, are as follows:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 101,967	\$ -	\$ -	\$ 101,967
Pooled Investment Accounts	-	27,131	-	27,131
	<u>\$ 101,967</u>	<u>\$ 27,131</u>	<u>\$ -</u>	<u>\$ 129,098</u>

A portion of the Entity's investments are held in pooled assets managed by GNOF. The values of the Entity's investments in this pool are based on information provided by GNOF and include the use of Net Asset Values (NAV) as the primary input to measure fair value. These investments are classified within Level 2 of the fair value hierarchy.

The method described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Entity believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Investment Pool includes investments in a well-diversified asset mix, which includes equity and fixed income securities as well as cash and alternative investments.

8. Endowment Funds

The Entity's endowments consist of the donor-restricted Greater New Orleans Foundation Endowment Fund and The Save Our Lake Endowment Fund created by the Entity, collectively known as the Endowment Funds. The Entity has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. Endowment Funds (continued)

As a result of the interpretation, the Entity retains in perpetuity:

- The original value of gifts donated to the endowment,
- The original value of subsequent gifts to the endowment, and
- Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund not retained in perpetuity is appropriated for the expenditure by the Endowment Funds in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Endowment Funds consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Entity and donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- Other resources of the Entity
- The investment policies of the Endowment

GNOF Endowment Fund

GNOF Endowment Fund is maintained and managed by the GNOF within its investment pool. The fund is invested by GNOF with an attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. Annual distributions of income from the GNOF Endowment Fund, as determined by the Board of Trustees of GNOF, are provided to the Entity.

For the year ended December 31, 2021, the GNOF Endowment Fund investment return, net totaled \$2,152. For the year ended December 31, 2020, the investment return, net totaled \$1,050. For the years ended December 31, 2021 and 2020, the GNOF Endowment Fund appropriations totaled \$561 and \$501, respectively.

The Save Our Lake Endowment Fund

The Save Our Lake (SOL) Endowment Fund was established primarily for the purpose of maintaining the operations of the Entity and consists of donor-restricted funds.

Return Objectives and Risk Parameters. The SOL Endowment Fund is invested with the intention of obtaining general market returns with a minimum amount of investment and management expenses.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. Endowment Funds (continued)

Strategies Employed for Achieving Objectives. The investment funds are invested in a savings account as of December 31, 2021 and 2020 to minimize risk. In 2021, the SOL Endowment Fund Committee will address investment policy and options to invest with the intention of obtaining general market returns with a minimum amount of investment and management expenses.

Spending Policy and How Investment Objectives Relate to the Spending Policy. Contributions to the SOL Endowment Fund were received from various donors who stipulated that the corpus be maintained in perpetuity and the income from the SOL Endowment Fund be used for the restoration and preservation of the environmental and ecological balance of Lake Pontchartrain.

For the each of the years ended December 31, 2021 and 2020, the SOL Endowment Fund investment return totaled \$88 and \$126, respectively.

The composition of endowment net assets for the year ended December 31, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds			
SOL Endowment Fund	\$ -	\$ 126,116	\$ 126,116
GNOF Endowment Fund	-	13,827	13,827
Total Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 139,943</u>	<u>\$ 139,943</u>

The composition of endowment net assets for the year ended December 31, 2020 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds			
SOL Endowment Fund	\$ -	\$ 126,028	\$ 126,028
GNOF Endowment Fund	-	12,324	12,324
Total Donor-Restricted Endowment Funds	<u>\$ -</u>	<u>\$ 138,352</u>	<u>\$ 138,352</u>

A summary of changes in the Entity's endowment net assets as of December 31, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, January 1, 2021	\$ -	\$ 138,352	\$ 138,352
Investment Return, Net	-	2,152	2,152
Amount Appropriated for Expenditures	-	(561)	(561)
Net Assets, December 31, 2021	<u>\$ -</u>	<u>\$ 139,943</u>	<u>\$ 139,943</u>

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. Endowment Funds (continued)

A summary of changes in the Entity's endowment net assets as of December 31, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, January 1, 2020	\$ -	\$ 137,803	\$ 137,929
Investment Return, Net		1,050	1,050
Amount Appropriated for Expenditures		(501)	(501)
Net Assets, December 31, 2020	<u>\$ -</u>	<u>\$ 138,352</u>	<u>\$ 138,478</u>

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that either the donor or UPMIFA required the Entity to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations. There were no such deficiencies as of December 31, 2021 and 2020.

9. Operating Leases

In May 2020, the Entity entered into a lease agreement with 3501 N. Causeway Associates for office space. The lease is to be paid in monthly installments based on an agreed upon rate per square foot. The rate increases \$0.75 per square foot after the 24th installment and 49th installment. The lease agreement ends in 2025.

In February 2012, the Entity entered into an agreement to lease land for the Lighthouse Project. The agreement is for a primary term of five years with eleven additional five-year options to renew, with a maximum term of up to 60 years which may be extended by mutual agreement. The lease was renewed during 2016 and extended until 2021. The lease amount shall be increased by 15% for each five-year extension of the lease, should the option be exercised.

In October 2018, the Entity entered into an agreement to lease office equipment. The lease term expires in September 2023.

Rent expense for 2021 and 2020 was \$72,854 and \$53,767, respectively.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

9. Operating Leases (continued)

The following is a schedule by year of future minimum rental payments required under the leases above that have initial or remaining lease terms in excess of one year as of December 31.

Year Ending December 31,	
2022	\$ 77,198
2023	76,797
2024	77,283
2025	<u>52,507</u>
	<u>\$ 283,785</u>

Total rent expenses incurred under operating leases totaled \$72,854 and \$53,767 for the years ended December 31, 2021 and 2020 respectively.

10. Retirement Plan

The Entity sponsors a 401(k) plan covering all employees who have completed a minimum of one year of service. Eligible plan participants may contribute to the plan, and the Entity may make matching contributions on behalf of participants of up to 5% of employee contributions. The Entity's contributions to the plan totaled \$17,693 and \$19,121 for the years ended December 31, 2021 and 2020, respectively.

11. Line of Credit

On March 14, 2018, the Entity entered into a line of credit agreement with a financial institution to provide working capital. The line of credit matured on March 11, 2020 and was renewed with an extended maturity date of March 11, 2021. The line of credit provides for borrowings up to \$250,000 with a variable interest rate at the lender's prime rate less .75%. Collateral is all deposit accounts held by the Entity at this financial institution.

At December 31, 2021 and 2020, the outstanding balance was \$0 and \$180,000, respectively. The interest rate was 0% and 5.25%, respectively.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

12. Notes Payable

The Entity has a note payable to a local financial institution secured by a vehicle. The note is dated July 28, 2016, and matures July 28, 2022. The note is payable in equal monthly installments of \$305, including interest at 3.99%. The outstanding balance of the note as of December 31, 2021 and 2020 was \$0 and \$5,321, respectively.

On April 26, 2020, the Entity obtained an Economic Injury Disaster Loan totaling \$500,000 from the Small Business Administration (SBA). Monthly payments, including principal and interest, of \$2,136 will begin on April 26, 2021. The loan has an interest rate of 2.75% and matures on April 26, 2050. The outstanding balance at December 31, 2021 and 2020 was \$492,015 and \$500,000, respectively.

On January 14, 2021, the Entity obtained a note payable to a local financial institution secured by a vehicle. The note is dated January 14, 2021 and matures on January 31, 2026. The note is payable in equal monthly installments of \$420, and it bears no interest. The outstanding balance of the note as of December 31, 2021 was \$20,568.

The future payments on the notes payable as of December 31, 2021 are summarized as follows:

Year Ending December 31,	
2022	\$ 17,292
2023	17,634
2024	17,984
2025	18,345
2026	14,099
Thereafter	427,229
	<u>\$ 512,583</u>

13. In-Kind Donations

The Entity records the value of in-kind donations when the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which would typically need to be purchased if not provided by donation. The fair value of in-kind donations for the years ended December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Donated Goods	\$ 120,522	\$ 183,345
Donated Services	293,525	202,208
	<u>\$ 414,047</u>	<u>\$ 385,553</u>

Donated services were for various programmatic activities including community outreach, the removal of derelict crab traps plaguing coastal Louisiana and collection of data to assess their economic impact, and development services for a water quality mobile application.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

14. Restrictions on Net Assets

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the Entity, or time restricted. These restrictions are considered to expire when expenditures for restricted purposes are made, or when time has passed for time-restricted net assets.

The following sets forth the composition of net assets with donor restrictions as of December 31:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Coastal sustainability	\$ 392,958	\$ 355,016
Outreach and education	24,740	27,738
New Canal Lighthouse Museum	26,085	11,590
Public access	10,532	53,529
Water quality	13,099	3,369
Development	<u>3,000</u>	<u>-</u>
	470,414	451,242
Endowment Funds:		
Original gifts restricted in perpetuity	97,368	97,210
Accumulated income available for appropriation	<u>42,576</u>	<u>41,142</u>
	139,944	138,352
Total	<u><u>\$ 610,358</u></u>	<u><u>\$ 589,594</u></u>

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

14. Restrictions on Net Assets (continued)

The following net assets with donor restrictions were released during the years ended December 31, 2021 and 2020, due to time or satisfaction of donor restrictions:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Coastal sustainability	\$ 143,963	\$ 184,932
Outreach and education	64,052	47,478
New Canal Lighthouse Museum	11,590	1,602
Communication	30,662	-
Water quality	2,732	7,113
Advocacy	13,095	-
Development	9,877	-
Total	<u>\$ 275,971</u>	<u>\$ 241,125</u>

15. Risk and Uncertainties

Investments in various securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risk in the near-term would materially affect the fair market value of investments held by the Entity.

16. Outbreak of COVID-19 and Paycheck Protection Program

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the continuing impact of the COVID-19 pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Organization's donors, employees and vendors, all of which are uncertain and cannot be predicted.

During the year ended December 31, 2020, the Entity applied for and was approved for a \$219,400 loan under the Paycheck Protection Program administered by the Small Business Administration as part of the relief efforts related to COVID-19. The Entity is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized. The Entity recognized \$219,400 of the loan as revenue, which is recorded in the consolidated statement of activities for 2020, having met the conditions for forgiveness by incurring eligible expenditures. This loan was forgiven on October 22, 2021.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

16. Outbreak of COVID-19 and Paycheck Protection Program (continued)

During 2021, the Entity applied for and was approved for a second loan under the Paycheck Protection Program, totaling \$219,486. The Entity is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized. The Entity recognized \$219,486 of the loan as revenue, which is recorded in the consolidated statement of activities for 2021, having met the conditions for forgiveness by incurring eligible expenditures. This loan was forgiven on November 3, 2021.

17. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, May 31, 2022, and determined that no events occurred that required disclosure. No other subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTAL INFORMATION

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	<u>ASSETS</u>			
	<u>Pontchartrain Conservancy</u>	<u>Save our Lake Endowment</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 134,805	\$ 126,116	\$ -	\$ 260,921
Cash restricted for program expenditures	672,174	-	-	672,174
Grants receivable	592,814	-	-	592,814
Inventory	16,177	-	-	16,177
Prepaid expenses	553	-	-	553
Other receivables	8,057	-	-	8,057
Investments	142,960	-	-	142,960
Other current assets	6,256	-	-	6,256
Total current assets	1,573,796	126,116	-	1,699,912
<u>NONCURRENT ASSETS</u>				
Property and equipment, net	870,217	-	-	870,217
Controlling interest in Save our Lake Endowment, Inc.	126,116	-	(126,116)	-
Total noncurrent assets	996,333	-	(126,116)	870,217
Total assets	\$ 2,570,129	\$ 126,116	\$ (126,116)	\$ 2,570,129
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts payable	\$ 145,076	\$ -	\$ -	\$ 145,076
Accrued liabilities	47,233	-	-	47,233
Refundable advances	356,655	-	-	356,655
Current portion of note payable	17,292	-	-	17,292
Total current liabilities	566,256	-	-	566,256
Note payable- noncurrent portion	495,291	-	-	495,291
Total liabilities	1,061,547	-	-	1,061,547
<u>NET ASSETS</u>				
Without donor restrictions	898,224	-	-	898,224
With donor restrictions	610,358	126,116	(126,116)	610,358
Total net assets	1,508,582	126,116	(126,116)	1,508,582
Total liabilities and net assets	\$ 2,570,129	\$ 126,116	\$ (126,116)	\$ 2,570,129

See accompanying independent auditors' report.

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	<u>ASSETS</u>			
	<u>Pontchartrain Conservancy</u>	<u>Save our Lake Endowment</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 26,358	\$ 126,028	\$ -	\$ 152,386
Cash restricted for program expenditures	601,738	-	-	601,738
Grants receivable	147,766	-	-	147,766
Inventory	15,139	-	-	15,139
Prepaid expenses	878	-	-	878
Other receivables	4,945	-	-	4,945
Investments	129,098	-	-	129,098
Other current assets	6,256	-	-	6,256
Total current assets	932,178	126,028	-	1,058,206
<u>NONCURRENT ASSETS</u>				
Property and equipment, net	919,673	-	-	919,673
Controlling interest in Save our Lake Endowment, Inc.	126,028	-	(126,028)	-
Total noncurrent assets	1,045,701	-	(126,028)	919,673
Total assets	\$ 1,977,879	\$ 126,028	\$ (126,028)	\$ 1,977,879
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts payable	\$ 57,930	\$ -	\$ -	\$ 57,930
Accrued liabilities	108,162	-	-	108,162
Line of credit	180,000	-	-	180,000
Refundable advances	35,000	-	-	35,000
Current portion of note payable	11,198	-	-	11,198
Total current liabilities	392,290	-	-	392,290
Note payable- noncurrent portion	494,123	-	-	494,123
Total liabilities	886,413	-	-	886,413
<u>NET ASSETS</u>				
Without donor restrictions	501,872	-	-	501,872
With donor restrictions	589,594	126,028	(126,028)	589,594
Total net assets	1,091,466	126,028	(126,028)	1,091,466
Total liabilities and net assets	\$ 1,977,879	\$ 126,028	\$ (126,028)	\$ 1,977,879

See accompanying independent auditors' report.

**PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Pontchartrain Conservancy			Save our Lake Endowment, Inc.	Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	With Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT								
Contracts- Federal	\$ 62,626	\$ -	\$ 62,626	\$ -	\$ -	\$ 62,626	\$ -	\$ 62,626
Contracts- Local Government	58,387	-	58,387	-	-	58,387	-	58,387
Grants- Federal	736,637	11,628	748,265	-	-	736,637	11,628	748,265
Grants- Non-Federal	1,200,552	265,306	1,465,858	-	-	1,200,552	265,306	1,465,858
Contributions	193,496	18,507	212,003	-	-	193,496	18,507	212,003
Fundraising								
Events (Net of direct benefits to donors of \$23,837)	(14,458)	-	(14,458)	-	-	(14,458)	-	(14,458)
Exchange portion of membership dues	3,225	-	3,225	-	-	3,225	-	3,225
Exchange portion of grants	300	-	300	-	-	300	-	300
Lighthouse								
Museum admissions, net	5,724	-	5,724	-	-	5,724	-	5,724
Facility rental	39,085	-	39,085	-	-	39,085	-	39,085
Museum shop (Net of direct merchandise expense of \$5,510)	2,117	-	2,117	-	-	2,117	-	2,117
Occupancy	340	-	340	-	-	340	-	340
In-kind Donations								
Donated goods	120,522	-	120,522	-	-	120,522	-	120,522
Donated services	293,525	-	293,525	-	-	293,525	-	293,525
Other Income								
Investment income	16,149	1,294	17,443	88	(88)	16,149	1,294	17,443
Miscellaneous income	11,496	-	11,496	-	-	11,496	-	11,496
Payment Protection Program income	219,486	-	219,486	-	-	219,486	-	219,486
Economic Injury Disaster Loan forgivable advance	10,000	-	10,000	-	-	10,000	-	10,000
Fee for service	2,553	-	2,553	-	-	2,553	-	2,553
Employee Retention Tax Credit (refundable portion)	318,339	-	318,339	-	-	318,339	-	318,339
Net assets released from restrictions	275,971	(275,971)	-	-	-	275,971	(275,971)	-
Total revenues and other support	3,556,072	20,764	3,576,836	88	(88)	3,556,072	20,764	3,576,836
EXPENSES								
Program expenses								
Community outreach	806,693	-	806,693	-	-	806,693	-	806,693
Scientific programs	1,771,645	-	1,771,645	-	-	1,771,645	-	1,771,645
Total program expenses	2,578,338	-	2,578,338	-	-	2,578,338	-	2,578,338
Supporting services								
Fundraising	156,995	-	156,995	-	-	156,995	-	156,995
Management and general	424,387	-	424,387	-	-	424,387	-	424,387
Total supporting services	581,382	-	581,382	-	-	581,382	-	581,382
Total expenses	3,159,720	-	3,159,720	-	-	3,159,720	-	3,159,720
Change in net assets	396,352	20,764	417,116	88	(88)	396,352	20,764	417,116
NET ASSETS, BEGINNING OF YEAR	501,872	589,594	1,091,466	126,028	(126,028)	501,872	589,594	1,091,466
NET ASSETS, END OF YEAR	\$ 898,224	\$ 610,358	\$ 1,508,582	\$ 126,116	\$ (126,116)	\$ 898,224	\$ 610,358	\$ 1,508,582

See accompanying independent auditors' report.

**PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Pontchartrain Conservancy			Save our Lake Endowment, Inc.	Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	With Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT</u>								
Contracts- Federal	\$ 84,350	\$ -	\$ 84,350	\$ -	\$ -	\$ 84,350	\$ -	\$ 84,350
Contracts- Local Government	54,000	-	54,000	-	-	54,000	-	54,000
Grants- Federal	582,308	28,005	610,313	-	-	582,308	28,005	610,313
Grants- Non-Federal	1,234,886	166,710	1,401,596	-	-	1,234,886	166,710	1,401,596
Contributions	200,276	2,480	202,756	-	-	200,276	2,480	202,756
Fundraising								
Events (Net of direct benefits to donors of \$5,495)	1,355	-	1,355	-	-	1,355	-	1,355
Exchange portion of membership dues	966	-	966	-	-	966	-	966
Lighthouse								
Museum admissions, net	7,843	-	7,843	-	-	7,843	-	7,843
Facility rental	1,910	-	1,910	-	-	1,910	-	1,910
Museum shop (Net of direct merchandise expense of \$5,142)	(141)	-	(141)	-	-	(141)	-	(141)
Pontchartrain Beach Rental	100	-	100	-	-	100	-	100
In-kind Donations								
Donated goods	183,345	-	183,345	-	-	183,345	-	183,345
Donated services	202,208	-	202,208	-	-	202,208	-	202,208
Other Income								
Investment income	16,682	831	17,513	126	(126)	16,682	831	17,513
Miscellaneous income	8,022	-	8,022	-	-	8,022	-	8,022
Payment Protection Program income	219,400	-	219,400	-	-	219,400	-	219,400
Net assets released from restrictions	241,125	(241,125)	-	-	-	241,125	(241,125)	-
Total revenues and other support	<u>3,038,635</u>	<u>(43,099)</u>	<u>2,995,536</u>	<u>126</u>	<u>(126)</u>	<u>3,038,635</u>	<u>(43,099)</u>	<u>2,995,536</u>
<u>EXPENSES</u>								
Program expenses								
Community outreach	943,851	-	943,851	-	-	943,851	-	943,851
Scientific programs	1,667,441	-	1,667,441	-	-	1,667,441	-	1,667,441
Total program expenses	<u>2,611,292</u>	<u>-</u>	<u>2,611,292</u>	<u>-</u>	<u>-</u>	<u>2,611,292</u>	<u>-</u>	<u>2,611,292</u>
Supporting services								
Fundraising	185,202	-	185,202	-	-	185,202	-	185,202
Management and general	476,329	-	476,329	-	-	476,329	-	476,329
Total supporting services	<u>661,531</u>	<u>-</u>	<u>661,531</u>	<u>-</u>	<u>-</u>	<u>661,531</u>	<u>-</u>	<u>661,531</u>
Total expenses	<u>3,272,823</u>	<u>-</u>	<u>3,272,823</u>	<u>-</u>	<u>-</u>	<u>3,272,823</u>	<u>-</u>	<u>3,272,823</u>
Change in net assets	(234,188)	(43,099)	(277,287)	126	(126)	(234,188)	(43,099)	(277,287)
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>736,060</u>	<u>632,693</u>	<u>1,368,753</u>	<u>125,902</u>	<u>(125,902)</u>	<u>736,060</u>	<u>632,693</u>	<u>1,368,753</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 501,872</u>	<u>\$ 589,594</u>	<u>\$ 1,091,466</u>	<u>\$ 126,028</u>	<u>\$ (126,028)</u>	<u>\$ 501,872</u>	<u>\$ 589,594</u>	<u>\$ 1,091,466</u>

See accompanying independent auditors' report.

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: Kristi Trail, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 150,062
Benefits - insurance	9,722
Benefits - retirement	2,498
Benefits - taxes	9,678
Benefits - other	2,635
Travel	1,065
	<u>\$ 175,660</u>

See accompanying independent auditors' report.

**INDEPENDENT AUDITOR’S 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 of
Pontchartrain Conservancy and Save our Lake Endowment, Inc.

We have audited, in accordance with the 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, the consolidated financial statements of Pontchartrain Conservancy (the Conservancy) and Save our Lake Endowment, Inc. (the Endowment), collectively, the Entity (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 17, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Entity’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Entity’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity’s internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity’s financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
May 31, 2022

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
METAIRIE, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2021

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
METAIRIE, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Pontchartrain Conservancy and Save Our Lake Endowment, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Management of the Pontchartrain Conservancy and Save Our Lake Endowment, Inc., collectively the Entity, is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
June 22, 2022

**PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2021**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions noted.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
No exceptions noted.
 - c) ***Disbursements***, including processing, reviewing, and approving.
No exceptions noted.
 - d) ***Receipts/Collections***, including receiving, recording, preparing deposits, and managements actions to determine the completeness of all collections for each type of revenue or agency fund addition(s).
No exceptions noted.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
No exceptions noted.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions noted.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
No exceptions noted.
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions noted.

**PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2021**

Schedule A

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exceptions noted.

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

- k) ***Disaster Recovery/ Business Continuity***, including (1) Identification of critical data and frequency backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/ verification that backups can be restored, (4) use of antivirus software all systems, (5) timely application of all available system and software patches/ updates, (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We performed the procedure above and noted the following exception:

- ***Policy and procedures and procedures do not contain a section on sexual harassment.***

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable – not a governmental entity.

**PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2021**

Schedule A

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 19 bank accounts. Management identified the main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the operating account and 4 other accounts and obtained the bank reconciliations for the month ending May 31, 2021, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided. No exceptions were noted as a result of performing this procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

We performed the procedure above and noted the following exception:

**PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2021**

Schedule A

- *Both employees working at the lighthouse have access to the cash register in the gift shop.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Of the 4 deposits selected for testing, three deposits were not made within one business day of collection.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

**PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2021**

Schedule A

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

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AND SAVE OUR LAKE ENDOWMENT, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2021**

Schedule A

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

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Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The 5 contracts selected for testing were not subject to Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

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- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

The 5 contracts selected for testing were not amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Management represented that no termination payments were made during the fiscal period.

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19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

Item 20 was not included as not applicable to nonprofits.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

No exceptions noted. State Bond Commission approval is not applicable to nonprofits.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions noted.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management represented that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

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Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

We performed the procedure above and noted the following exception:

- ***No sexual harassment training is provided to employees.***

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No exceptions noted.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;

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- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

The annual sexual harassment report is not applicable to the Entity.

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Schedule B

Management's Response:

11) Sexual Harassment: Pontchartrain Conservancy is consulting with an HR consultant on sexual harassment training and policies.

5a) Collections: Pontchartrain Conservancy does not have much cash flow coming through the Lighthouse, therefore there is not a need for multiple cash registers.

7d) Collections: Pontchartrain Conservancy uses remote deposit capture (RDC) where each department puts their checks into a lock box and then periodically makes remote deposits via their computer at the office. Their policy is to make deposits within seven days of receipt and only one deposit was not made within this time frame.

26) Sexual Harassment: Pontchartrain Conservancy is consulting with an HR consultant on sexual harassment training and policies.