EISNERAMPER

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

Pontchartrain Conservancy

SCIENCE FOR OUR COAST. SINCE 1989.

PONTCHARTRAIN CONSERVANCY
AND SAVE OUR LAKE ENDOWMENT, INC.

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EisnerAmper LLP
One Galleria Blvd.
Suite 2100
Metairie, LA 70001
T 504.837.5990
F 504.834.3609
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Pontchartrain Conservancy

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pontchartrain Conservancy (the "Conservancy"), and Save Our Lake Endowment, Inc. (the "Endowment"), collectively, the Organization, which comprise the consolidated statement of financial position as of December 31, 2023, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Organization for the year ended December 31, 2022 were audited by other auditors whose report dated June 12, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS 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 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 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 Organization'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head on page 25 is presented for 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, the 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 June 28, 2024, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
June 28, 2024

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 585,977	$ 179,146
Restricted Cash	310,119	736,491
Grants receivable	193,293	282,974
Inventory	16,216	15,551
Prepaid expenses and deposits	817	351
Other receivables	68,278	94,677
Investments	124,030	121,475
Other current assets	6,256	6,256
Total current assets	1,304,986	1,436,921
NONCURRENT ASSETS		
Property and equipment, net	748,701	804,300
Right-of-use assets, net	118,722	188,742
Total assets	$ 2,172,409	$ 2,429,963
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 101,108	$ 92,037
Accrued liabilities	96,112	60,853
Refundable advances	283,377	278,680
Notes payable, current portion	17,984	17,634
Lease liability, current portion	76,641	73,771
Total current liabilities	575,222	522,975
NONCURRENT LIABILITIES		
Note payable, net of current portion	474,330	489,491
Lease liability, net of current portion	52,269	128,910
Total liabilities	1,101,821	1,141,376
NET ASSETS		
Without donor restrictions	430,058	687,106
With donor restrictions	640,530	601,481
Total net assets	1,070,588	1,288,587
Total liabilities and net assets	$ 2,172,409	$ 2,429,963

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contracts- Federal	$ 19,272	$ -	$ 19,272
Contracts- Local Government	216,826	-	216,826
Grants- Federal	589,126	21,000	610,126
Grants- Non-Federal	1,309,147	319,718	1,628,865
Contributions	423,701	108,013	531,714
Fundraising			
Events (Net of direct benefits to donors of $33,606)	(13,935)	-	(13,935)
Exchange portion of dues and grants	2,352	-	2,352
Lighthouse			
Museum admissions	19,925	-	19,925
Facility rental	25,550	-	25,550
Museum shop (Net of direct merchandise expense of $7,600)	3,689	-	3,689
Occupancy	174	-	174
In-kind Donations			
Donated goods	221,536	-	221,536
Donated services	205,869	-	205,869
Other Income			
Investment income (loss)	18,608	972	19,580
Miscellaneous income	35,182	-	35,182
Fee for service	57,512	-	57,512
Gain on disposal of asset	11,000	-	11,000
Net assets released from restrictions	410,654	(410,654)	-
Total revenues and other support	3,556,188	39,049	3,595,237
Expenses			
Program expenses			
Community outreach	1,523,208	-	1,523,208
Scientific programs	1,568,779	-	1,568,779
Total program expenses	3,091,987	-	3,091,987
Supporting services			
Fundraising	110,378	-	110,378
Management and general	610,871	-	610,871
Total supporting services	721,249	-	721,249
Total expenses	3,813,236	-	3,813,236
Change in net assets	(257,048)	39,049	(217,999)
Net Assets, Beginning of Year	687,106	601,481	1,288,587
Net Assets, End of Year	$ 430,058	$ 640,530	$ 1,070,588

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contracts- Federal	$ 19,785	$ -	$ 19,785
Contracts- Local Government	247,353	-	247,353
Grants- Federal	838,283	-	838,283
Grants- Non-Federal	1,269,297	201,016	1,470,313
Contributions	433,642	49,117	482,759
Fundraising			
Events (Net of direct benefits to donors of $18,503)	(1,282)	-	(1,282)
Exchange portion of dues and grants	2,330	-	2,330
Lighthouse			
Museum admissions	8,151	-	8,151
Facility rental	21,520	-	21,520
Museum shop (Net of direct merchandise expense of $6,359)	1,935	-	1,935
Occupancy	1,752	-	1,752
In-kind Donations			
Donated goods	101,428	-	101,428
Donated services	202,118	-	202,118
Other Income			
Investment income	(13,149)	(1,745)	(14,894)
Miscellaneous income	7,580	-	7,580
Fee for service	2,329	-	2,329
Employee Retention Tax Credit (refundable portion)	27,136	-	27,136
Net assets released from restrictions	257,265	(257,265)	-
Total revenues and other support	3,427,473	(8,877)	3,418,596
Expenses			
Program expenses			
Community outreach	1,132,872	-	1,132,872
Scientific programs	1,865,266	-	1,865,266
Total program expenses	2,998,138	-	2,998,138
Supporting services			
Fundraising	187,863	-	187,863
Management and general	452,590	-	452,590
Total supporting services	640,453	-	640,453
Total expenses	3,638,591	-	3,638,591
Change in net assets	(211,118)	(8,877)	(219,995)
Net Assets, Beginning of Year	898,224	610,358	1,508,582
Net Assets, End of Year	$ 687,106	$ 601,481	$ 1,288,587

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, 2023

	Program Services		**Supporting Services**		
	Community Outreach	Scientific Programs	Fundraising	Management and General	Totals
Salaries and stipends	$ 494,902	$ 454,787	$ 47,331	$ 387,081	$ 1,384,101
Fringe benefits and payroll taxes	80,723	78,704	6,622	58,775	224,824
Advertising/Public Service Annoucement	197,650	-	17,414	1,111	216,175
Administrative expense	11,944	9,166	2,040	30,309	53,459
Computer and copier maintenance	27,312	30,059	8,960	22,820	89,151
Contractual services	495	152,274	-	-	152,769
Insurance	33,030	28,908	1,139	8,657	71,734
Occupancy	2,631	977	2,687	4,558	10,853
Printing and postage	2,542	155	4,147	386	7,230
Professional services	270,767	466,961	1,390	63,512	802,630
Repairs and maintenance	1,342	291	156	-	1,789
Supplies and equipment	79,570	47,522	5,936	9,638	142,666
Utilities	18,163	9,373	601	12,478	40,615
Travel	19,765	23,676	1,142	9,954	54,537
Vehicle and boat maintenance	-	6,517	-	-	6,517
Depreciation expense	51,048	5,714	-	-	56,762
Amortization expense	70,020	-	-	-	70,020
In-kind donations	161,304	253,695	10,813	1,592	427,404
Total expenses per the statement of activities	1,523,208	1,568,779	110,378	610,871	3,813,236
Expenses netted against revenue					
Event expenses	292	-	33,091	223	33,606
Museum shop expenses	7,600	-	-	-	7,600
Total expenses	$ 1,531,100	$ 1,568,779	$ 143,469	$ 611,094	$ 3,854,442

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, 2022

	Program Services		Supporting Services		
	Community Outreach	Scientific Programs	Fundraising	Management and General	Totals
Salaries and stipends	$ 287,002	$ 537,160	$ 94,571	$ 231,132	$ 1,149,865
Fringe benefits and payroll taxes	43,890	98,790	9,122	37,489	189,291
Advertising/Public Service Annoucement	119,372	60	9,160	326	128,918
Administrative expenses	1,924	6,533	136	34,218	42,811
Computer and copier maintenance	37,077	47,883	11,192	30,213	126,365
Contractual services	67,919	189,284	709	26,463	284,375
Insurance	29,580	17,018	1,137	8,744	56,479
Occupancy	8,815	19,477	5,297	4,145	37,734
Printing and postage	806	173	3,240	838	5,057
Professional services	159,211	651,534	42,243	61,818	914,806
Repairs and maintenance	6,629	1,138	220	263	8,250
Supplies and equipment	58,324	85,975	4,583	1,709	150,591
Utilities	16,235	11,509	2,178	9,935	39,857
Travel	10,662	14,066	3,124	3,666	31,518
Vehicle and boat maintenance	1,834	31,900	-	-	33,734
Depreciation expense	57,746	8,511	-	-	66,257
Amortization expense	69,139	-	-	-	69,139
In-kind donations	156,707	144,255	951	1,631	303,544
Total expenses per the statement of activities	1,132,872	1,865,266	187,863	452,590	3,638,591
Expenses netted against revenue					
Event expenses	266	519	16,418	1,300	18,503
Museum shop expenses	6,359	-	-	-	6,359
Total expenses	$ 1,139,497	$ 1,865,785	$ 204,281	$ 453,890	$ 3,663,453

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (217,999)	$ (219,995)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	56,762	66,257
ROU Amortization	70,020	69,139
Interest and dividends	(3,128)	(3,115)
Net realized and unrealized gain (loss) on investments	(10,335)	26,638
Loss on sale of fixed assets	-	5,160
Change in assets and liabilities		
Grants receivable	89,681	309,840
Other receivables	26,399	(86,620)
Prepaid expenses and deposits	(466)	202
Inventory	(665)	626
Accounts payable	9,071	(53,039)
Accrued liabilities	35,259	13,620
Refundable advances	4,697	(77,975)
Operating lease asset	-	(257,881)
Operating lease liability	(73,771)	202,681
Net cash used in operating operating activities	(14,475)	(4,462)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(1,163)	(5,500)
Purchases of investments	(10,100)	(73,986)
Proceeds from sales of investments	21,008	71,948
Net cash provided by (used in) investing activities	9,745	(7,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(14,811)	(5,458)
Net cash used in financing activities	(14,811)	(5,458)
Net change in cash and cash equivalents	(19,541)	(17,458)
Cash and cash equivalents, beginning of year	915,637	933,095
Cash and cash equivalents, end of year	$ 896,096	$ 915,637
RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents	$ 585,977	$ 179,146
Restricted cash	310,119	736,491
Total cash and cash equivalents	$ 896,096	$ 915,637
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 13,037	$ 25,631

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

1. Organization and Summary of Significant Accounting Policies

Organization

Pontchartrain Conservancy (the Conservancy) is a non-profit, publicly supported organization established under 501(c)(3) of the Internal Revenue Code. It was established and incorporated on 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 by the Conservancy to operate as a 501(c)(3) organization whose mission was to financially support the Conservancy and its continuing efforts to restore and maintain Lake Pontchartrain. The Endowment was a Trust established for the exclusive benefit of the Conservancy. The Conservancy is the sole beneficiary of the Trust. The Trust, as amended, provided that the Trustees could declare and distribute the income and principal of the Trust to the Conservancy if the Endowment's Board of Trustees declared that it is in the best interest of the Conservancy. In 2023, the Endowment was officially terminated pursuant to the terms of the Trust and the unanimous vote of the Trustees. A Petition to Terminate was filed and an Order was signed by the Judge terminating the Trust. The remaining assets in the Trust were released from restriction and distributed to the Conservancy.

The Conservancy and the SOL Endowment are collectively referred to as the Organization.

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 Organization.

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

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.

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

Basis of Presentation of Net Assets

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), which require the Organization 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 Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization 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 Organization 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.

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

Grants Receivable

Grants receivable consists of the unpaid balances for government grants and contracts. Grants are billed to government agencies based on expenses incurred on a reimbursement basis. The Organization develops an estimate of credit losses based on historical information, current conditions, and reasonable and supportable forecasts. There have been no credit losses identified from a historical perspective for the Organization nor have credit losses been identified related to current economic conditions. Management considers the receivable balance to be fully collectible, and as a result, an allowance for doubtful accounts is not recorded.

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 Organization develops an estimate of credit losses based on historical information, current conditions, and reasonable and supportable forecasts. There have been no credit losses identified from a historical perspective for the Organization nor have credit losses been identified related to current economic conditions. Management considers the receivable balance to be fully collectible, and as a result, an allowance for doubtful accounts is not recorded.

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 Organization 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 Organization 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.

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

Revenue Recognition (continued)

Grant revenues are derived from cost-reimbursable federal, state, and local government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Government contract revenues are recognized when a performance obligation is provided through a service. Amounts received prior to meeting performance requirements, incurring qualifying expenditures, or fulfilling performance obligations are reported as refundable advances in the consolidated statements of financial position. The Organization reported refundable advances related to government grants totaling $283,377 and $278,680 as of December 31, 2023 and 2022, respectively.

The Organization recognizes revenue from museum admissions and merchandise at the point of sale.

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 12 for the detail of in-kind donations for 2023 and 2022.

Income Taxes

The Conservancy and SOL Endowment, 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 Organization's financial statement. As of December 31, 2023, the Organization 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.

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.

Leases

The Organization has entered into several lease agreements. Determination of leases is made at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Compensated Absences

The Organization 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 Organization. Employees may carry over and accumulate annual leave time up to a maximum of 120 hours without forfeiture. As of December 31, 2023 and 2022, employees of the Organization had accumulated $42,016 and $29,092, respectively, of employee leave benefits. These amounts are included on the consolidated statements of financial position in accrued liabilities.

Advertising Expenses

The Organization expenses advertising costs as incurred. Advertising expense was $216,175 and $128,918 for the years ended December 31, 2023 and 2022, respectively.

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

Recently Adopted Accounting Pronouncements

Effective January 1, 2023, the Organization adopted FASB ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), as amended. ASU 2016-13 replaces the "incurred loss" credit losses framework with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology which requires management's measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost. The Organization adopted ASU 2016-13 using the modified retrospective method for financial assets measured at amortized cost which consisted of grants receivable and other receivables. The adoption and application of the standard had no material effect on these 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, the funds of which are restricted to the purpose of such grant agreement. As of December 31, 2023 and 2022, $310,119 and $610,238, respectively, was restricted for such program expenditures.

3. Liquidity and Availability

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

	2023	2022
Cash and cash equivalents	$ 585,977	$ 179,146
Grants receivable	193,293	282,974
Other receivables	68,278	94,677
Operating investments	94,819	94,275
Total	$ 942,367	$ 651,072

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

Additionally, the Organization records in-kind donations that historically fund approximately 13% of annual program and supporting activities. See Note 12 for more information regarding these donations.

4. Concentration of Credit Risk

The Organization 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 Organization has cash equivalent accounts with a brokerage firm. The Securities Investor Protection Corporation insures these accounts up to $250,000. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. The Organization attempts to minimize risk in this area by sweeping all funds over $100,000 from its operating account to a nightly investment sweep account.

PONTCHARTRAIN CONSERVANCY AND SAVE OUR LAKE ENDOWMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

5. Property and Equipment

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

	2023	2022
Land	$ 12,360	$ 12,360
Lighthouse building	1,084,053	1,084,053
Boat and other program equipment	229,309	254,811
Leasehold improvements	213,207	213,207
Computer equipment	49,430	48,269
Furniture and fixtures	12,819	12,819
	1,601,178	1,625,519
Less accumulated depreciation	(852,477)	(821,219)
Property and equipment, net	$ 748,701	$ 804,300

6. Investments

Investments at December 31 consist of the following:

	2023	2022
Mutual Funds	$ 94,819	$ 94,275
Pooled Investment Accounts	29,211	27,200
	$ 124,030	$ 121,475

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 in the sale of an asset or paid in the transfer of 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.

7. Fair Value of Financial Instruments (continued)

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, 2023.

Pooled Investments- The fair value is determined by use of the calculated net asset value (NAV) 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.

The valuation of the Organization's assets measured at fair value on a recurring basis at December 31, 2023, are as follows:

Assets	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 94,819	$ -	$ -	$ 94,819
Pooled Investment Accounts	-	29,211	-	29,211
	$ 94,819	$ 29,211	$ -	$ 124,030

The valuation of the Organization's assets measured at fair value on a recurring basis at December 31, 2022, are as follows:

Assets	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 94,275	$ -	$ -	$ 94,275
Pooled Investment Accounts	-	27,200	-	27,200
	$ 94,275	$ 27,200	$ -	$ 121,475

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

7. Fair Value of Financial Instruments (continued)

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 Organization 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 Organization's endowments consist of the donor-restricted GNOF Endowment Fund and The SOL Endowment Fund created by the Conservancy, collectively referred to as the Endowment Funds. The Organization 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 absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization 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 to the extent required by the applicable donor gift instrument.

The remaining portion of the donor-restricted Endowment Funds not retained in perpetuity is appropriated for 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 whether to appropriate or accumulate donor-restricted endowment funds:

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

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 Organization.

8. Endowment Funds (continued)

For the year ended December 31, 2023, the GNOF Endowment Fund investment return, net totaled $2,095. For the year ended December 31, 2022, the investment return (loss), net totaled ($1,409). For the years ended December 31, 2023 and 2022, the GNOF Endowment Fund appropriations totaled $558 and $572, respectively.

The Save Our Lake Endowment Fund

The SOL Endowment Fund was established primarily for the purpose of maintaining the operations of the Conservancy and consists of donor-restricted funds. As described in Note 1, in 2023, the Endowment's Board of Trustees elected to terminate the Endowment and distribute the funds in the trust to the Conservancy.

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

Strategies Employed for Achieving Objectives. The investment funds were invested in a savings account as of December 31, 2023 and 2022 to minimize risk. The Conservancy's Finance Committee and the Endowment's Board reviewed investment policy and options with the goal of optimizing market returns and minimizing 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 donations 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, 2023 and 2022, the SOL Endowment Fund investment return totaled $1,084 and $136, respectively.

The composition of endowment net assets for the year ended December 31, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds			
GNOF Endowment Fund	$ -	$ 12,671	$ 12,671
Total Donor-Restricted Endowment Funds	$ -	$ 12,671	$ 12,671

The composition of endowment net assets for the year ended December 31, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds			
SOL Endowment Trust	$ -	$ 126,253	$ 126,253
GNOF Endowment Fund	-	11,709	11,709
Total Donor-Restricted Endowment Funds	$ -	$ 137,962	$ 137,962

8. Endowment Funds (continued)

A summary of changes in the Organization's endowment net assets as of December 31, 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, January 1, 2023	$ -	$ 137,962	$ 137,962
Investment Return, Net	-	2,095	2,095
Appropriation of endowment assets	-	(127,386)	(127,386)
Net Assets, December 31, 2023	$ -	$ 12,671	$ 12,671

A summary of changes in the Organization's endowment net assets as of December 31, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, January 1, 2022	$ -	$ 139,943	$ 139,943
Investment Return (loss), Net	-	(1,409)	(1,409)
Appropriation of endowment assets	-	(572)	(572)
Net Assets, December 31, 2022	$ -	$ 137,962	$ 137,962

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 Organization 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, 2023 and 2022.

9. Leases

In May 2020, the Organization 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.

The components of lease expense were as follows:

Year Ended December 31,	**2023**	**2022**
Operating lease cost		
Operating lease cost	$ 128,910	$ 206,089
Total operating lease cost	$ 128,910	$ 206,089

9. Leases (continued)

Other information related to leases was as follows: **Year Ended December 31,**	**2023**	**2022**
Supplemental Cash Flows Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating Leases		
Operating cash flows from operating leases	$ 75,807	$ 75,068
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	-	188,742
Weighted Average Remaining Lease Term		
Operating leases	2.67	2.67
Weighted Average Discount Rate		
Operating leases	1.21%	1.21%

Future minimum lease payments under non-cancellable leases as of December 31, 2023 are as follows:

Year Ending December 31,	
2024	$ 76,641
2025	52,269
	$ 128,910

10. Retirement Plan

The Organization 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 Organization may make matching contributions on behalf of participants of up to 5% of employee contributions. The Organization 's contributions to the plan totaled $9,630 and $18,759 for the years ended December 31, 2023 and 2022, respectively.

11. Notes Payable

On April 26, 2020, the Organization obtained an Economic Injury Disaster Loan totaling $500,000 from the Small Business Administration (SBA). Monthly payments, including principal and interest, of $2,136 began 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, 2023 and 2022 was $482,240 and $492,015, respectively.

On January 14, 2021, the Organization 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, 2023 and 2022 was $10,074 and $15,110, respectively.

11. Notes Payable (continued)

The future payments on the notes payable as of December 31, 2023 are summarized as follows:

Year Ending December 31,		
2024	$	17,984
2025		18,345
2026		13,679
2027		14,060
2028		14,451
Thereafter		413,795
	$	492,314

12. In-Kind Donations

The Organization receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and otherwise would be purchased by the Organization. The Organization recognizes in-kind contributions revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

All donated goods and services were utilized by Pontchartrain Conservancy's programs and supporting services. There were no donor-imposed restrictions associated with the donated goods and services. The fair market value of donated services are determined with reference to the U.S. Bureau of Labor's most recent Occupational Employment and Wage Statistics. Donated goods are valued at the prices that would be received for selling the same or similar products.

In-kind donations for the year ended December 31, 2023, are as follows:

	Donated Services	Donated Goods	Total
Management and general	$ 1,592	$ -	$ 1,592
Information technology	-	210	210
Communications	32,489	-	32,489
Special events	4,808	6,005	10,813
New Canal Light House	40,080	7,750	47,830
Outreach	41,399	-	41,399
Education	26,669	12,917	39,586
Coastal sustainability	44,962	68,156	113,118
Water quality	13,870	126,498	140,368
	$ 205,869	$ 221,536	$ 427,405

12. In-Kind Donations (continued)

In-kind donations for the year ended December 31, 2022, are as follows:

	Donated Services	Donated Goods	Total
Management and general	$ 632	$ 999	$ 1,631
Communications	15,972	-	15,972
Special events	951	-	951
New Canal Light House	29,018	20,667	49,685
Outreach	44,787	-	44,787
Education	16,696	29,568	46,264
Coastal sustainability	78,310	5,076	83,386
Water quality	15,752	45,118	60,870
	$ 202,118	$ 101,428	$ 303,546

13. Restrictions on Net Assets

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the Organization, 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:

	2023	2022
Purpose restrictions:		
Coastal sustainability	$ 434,833	$ 430,114
Outreach and education	137,260	15,705
New Canal Lighthouse Museum	55,566	6,968
Public access	-	10,532
Water quality	200	200
	627,859	463,519
Endowment Funds:		
Original gifts restricted in perpetuity	12,671	11,709
Subject to appropriation and expenditure when a specified event occurs	-	126,253
	12,671	137,962
Total	$ 640,530	$ 601,481

13. Restrictions on Net Assets (continued)

The following net assets with donor restrictions were released during the years ended December 31, 2023 and 2022, due the following donor restrictions:

	2023	2022
Purpose restrictions:		
Coastal sustainability	$ 362,816	$ 239,083
Outreach and education	37,870	2,501
New Canal Lighthouse Museum	9,968	3,117
Water quality	-	12,564
Total	$ 410,654	$ 257,265

14. 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 Organization.

15. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 28, 2024, 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.

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Kristi Trail, Executive Director

Purpose	Amount
Salary	$ 159,188
Benefits - insurance	9,274
Benefits - retirement	2,774
Benefits - taxes	11,178
Benefits - other	1,692
Car allowance	4,030
Travel	966
	$ 189,102

EisnerAmper LLP
One Galleria Blvd.
Suite 2100
Metairie, LA 70001
T 504.837.5990
F 504.834.3609
www.eisneramper.com

INDEPENDENT AUDITORS' 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

We have audited, 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 (*Government Auditing Standards*), the financial statements of Pontchartrain Conservancy and Save Our Lake Endowment, Inc. (the Endowment) (a nonprofit organization) (collectively, the "Organization") ,which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization'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 Organization's consolidated 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
June 28, 2024

EISNERAMPER

PONTCHARTRAIN CONSERVANCY

REPORT ON STATEWIDE AGREED-UPON PROCEDURES ON COMPLIANCE AND CONTROL AREAS

FOR THE YEAR ENDED DECEMBER 31, 2023

PONTCHARTRAIN CONSERVANCY

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EisnerAmper LLP
One Galleria Blvd.
Suite 2100
Metairie, LA 70001
T 504.837.5990
F 504.834.3609
www.eisneramper.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To: Board of Directors of Pontchartrain Conservancy 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) of the Pontchartrain Conservancy for the fiscal period January 1, 2023 through December 31, 2023. Pontchartrain Conservancy's management is responsible for those C/C areas identified in the SAUPs.

The Pontchartrain Conservancy has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2023, through December 31, 2023. Additionally, the 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 Pontchartrain Conservancy to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of the Pontchartrain Conservancy for the fiscal period January 1, 2023 through December 31, 2023. 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 Pontchartrain Conservancy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
June 28, 2024

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 13 "we performed the procedure and discussed the results with management".* If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the organization's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the organization's operations):

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exception noted.

ii. ***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 exception noted.

iii. ***Disbursements***, including processing, reviewing, and approving

No exception noted.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception noted.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exception noted.

vi. ***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 exception noted.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exception noted.

viii. ***Credit Cards (and debit cards, fuel cards, purchase 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 exception noted.

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the organization's ethics policy.

No exception noted.

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

No exception noted.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data 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 on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception noted. Pontchartrain Conservancy has an information technology disaster recovery policy, but it does not specifically state (3) the periodic testing/verification that backups can be restored. The other attributes were addressed in the policy.

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

No exception noted.

2) Board or Finance Committee

A. 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:

i. Observe whether 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 exception noted.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget- to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-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 organization's collections during the fiscal period.*

No exception noted.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

Not applicable as this is not a governmental entity.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exception noted.

3) Bank Reconciliations

A. Obtain a listing of organization bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the organization's main operating account. Select the organization'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 each selected account, and observe that:

A listing of bank accounts was provided and included a total of 11 bank accounts. Management identified the organization's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending December 31, 2023, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

i. 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 exception noted.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

Exception noted. For 3 of the 5 samples selected for testing, the bank reconciliation was reviewed, however the review did not occur within 1 month of the reconciliation being prepared.

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

No exception noted.

4) Collections (excluding electronic funds transfers)

A. 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 and included a total of 2 deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 2 deposit sites and performed the procedures below.

B. 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 (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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:

A listing of collection locations for each deposit site selected in procedure #4A was provided and included a total of 2 collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 1 collection location for each deposit site. Review of the Organization's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

i. Employees responsible for cash collections do not share cash drawers/registers;

Exception noted. Employees responsible for collecting cash share cash drawers / registers.

ii. Each employee responsible for collecting cash is not also 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 exception noted.

iii. Each employee responsible for collecting cash is not also 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; and

No exception noted.

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

No exception noted.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

   No exception noted.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

   We randomly selected 2 deposit dates for each of the 5 bank accounts selected in procedure #3A. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

   i. Observe that receipts are sequentially pre-numbered.

      No exception noted.

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

      No exception noted.

   iii. Trace the deposit slip total to the actual deposit per the bank statement.

      No exception noted.

   iv. 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 and the cash is stored securely in a locked safe or drawer).

      Exception noted. For three of the ten samples selected for testing, the deposit was not made within one business day of receipt at the collection location.

   v. Trace the actual deposit per the bank statement to the general ledger.

      No exception noted.

5) Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

A. 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 randomly selected the one location and performed the procedures below.

B. For each location selected under #5A 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, then 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 #5A was provided. No exceptions were noted as a result of performing this procedure.

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

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exception noted.

ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

iii. 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 exception noted.

iv. 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; and

No exception noted.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exception noted.

C. For each location selected under #5A above, obtain the organization'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 #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

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

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the organization, and

No exceptions noted.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exception noted.

D. Using the organization's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the organization's policy, and (b) approved by the required number of authorized signers per the organization's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exception noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

B. 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 credit 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.

i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

Exceptions noted. For four of the five samples selected for testing, the monthly statement and supporting documentation was not reviewed and approved, in writing by someone other than the authorized card holder.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exception noted.

C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

   We randomly selected 10 transactions, or all transactions if less than, 10 from each statement and obtained supporting documentation for the transactions. For each transaction, observed that it was supported by (1) an original itemized receipt that identified 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.

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

A. 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 and 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.

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

      No exception noted.

   ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

      No exception noted.

   iii. 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 Policies and Procedures", procedure #1A(vii); and

      No exception noted.

   iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

      No exception noted.

8) Contracts

A. 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. *Alternatively, 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, <u>excluding the practitioner's contract</u>, 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.

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

The Organization is not subject to Louisiana Public Bid Law. Thus, this procedure is not appliable.

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

No exception noted.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exception noted.

iv. 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 exception noted.

9) Payroll and Personnel

A. 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/elected officials 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/officials and performed the specified procedures.

B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A 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 #9A.

i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exception noted.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exception noted.

iii. Observe that any leave accrued or taken during the pay period is reflected in the organization's cumulative leave records; and

No exception noted.

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exception noted.

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

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exceptions noted.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) *Ethics*

A. Using the 5 randomly selected employees/officials from procedure “Payroll and Personnel” procedure #9A, above obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

This procedure is not applicable to nonprofits.

ii. Observe whether the organization maintains documentation which demonstrates that each employee and official were notified of any changes to the organization’s ethics policy during the fiscal period, as applicable.

This procedure is not applicable to nonprofits.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

This procedure is not applicable to nonprofits.

11) Debt Service

A. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable. State Bond Commission approval is not applicable to nonprofits.

B. 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 exception noted.

12) Fraud Notice

A. 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 organization reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the organization is domiciled as required by R.S. 24:523.

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

B. Observe that the organization 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 exception noted.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

i. Obtain and inspect the organization's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

ii. Obtain and inspect the organization's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then 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.

iii. Obtain a listing of the organization'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.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

No exception noted.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

This procedure is not applicable to nonprofits.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from “Payroll and Personnel” procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

   This procedure is not applicable to nonprofits.

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

   This procedure is not applicable to nonprofits.

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

   i. Number and percentage of public servants in the agency who have completed the training requirements;

   ii. Number of sexual harassment complaints received by the agency;

   iii. Number of complaints which resulted in a finding that sexual harassment occurred;

   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

   v. Amount of time it took to resolve each complaint.

   This procedure is not applicable to nonprofits.

Schedule B

<u>Management's Response to Statewide Agreed-Upon Pontchartrain Conservancy</u>

In response to written policies and procedures exception 1(xi):

Pontchartrain Conservancy's IT Policy states that records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Foundation operating in an emergency will be duplicated or backed up at least every week and maintained off site. The organization's management will work with its IT provider to determine a schedule for periodic testing and verification that backups can be restored.

In response to bank reconciliations exception 3(a)(ii):

Pontchartrain Conservancy's internal policy states that all bank reconciliations will be reviewed but does not gave a time limit for that review to take place. Pontchartrain Conservancy's management notes that all bank reconciliations are reviewed in a reasonable amount of time given the size of the accounting team and varying work load each month.

In response to collections exception 4(b)(i):

Pontchartrain Conservancy has two employees primarily handling all gift shop sales. Management has assessed its need for separate cash registers, and given the minimal amount of cash on hand at any given time, has determined that one cash register remains appropriate. Pontchartrain Conservancy will reassess the need for multiple cash registers should the volume of sales at the gift shop increase in the future.

In response to collections exception 4(d)(iv):

Pontchartrain Conservancy currently uses Remote Deposit Capture (RDC) to deposit checks to its bank accounts. This process involves scanning checks to create an electronic file, which is then transmitted to the bank. The scanner captures all of the check information and stores it in a daily detail report. Each location has a locked cabinet or safe where checks are stored prior to RDC. Checks and balances are in place to ensure that each check received at a location is deposited and recorded correctly on the books in a timely manner. Management has reviewed its policy related to frequency of deposits and, at this time, does not foresee the necessity of increasing this frequency.

In response to credit cards exception 6(b):

Pontchartrain Conservancy's management notes that credit card expenses go through multiple layers of review and approval prior to the recording of such expenses. However, Pontchartrain Conservancy has implemented an additional review of credit card statements for each employee going forward, which will be documented for future audits.

In response to Information Technology Disaster Recovery/Business Continuity exception 13C:

It is noted that all of Pontchartrain Conservancy's employees have completed cybersecurity training, although some did not complete it within the one-month parameter of this new SAUP procedure. Pontchartrain Conservancy management will endeavor to encourage all employees to complete cybersecurity training in a more timely manner going forward.