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**LAKE PONTCHARTRAIN  
BASIN FOUNDATION  
FINANCIAL REPORT  
December 31, 1999**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 26 2000

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**Lake Pontchartrain Basin Foundation**  
Metairie, Louisiana

We have audited the statement of financial position of **Lake Pontchartrain Basin Foundation** (the "Foundation") (a nonprofit organization) as of December 31, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2000, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying financial information in Schedules I through VI is presented for purposes of additional information. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Rebowe & Company*

March 20, 2000

## **FINANCIAL STATEMENTS**

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 1999**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 439,691
Restricted cash for program expenditures	5,014
Investments	232,192
Grant receivable	211,218
Accrued interest receivable	<u>10,233</u>
Total Current Assets	<u>898,348</u>

**OTHER ASSETS**

Office furniture and equipment, net	46,663
Deposits	<u>1,575</u>
Total Other Assets	<u>48,238</u>

Total Assets	<u><u>\$ 946,586</u></u>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	<u>\$ 96,364</u>
Total Liabilities	<u>96,364</u>

**NET ASSETS**

Unrestricted	801,964
Temporarily Restricted - Other	45,758
Permanently Restricted - Endowment Fund	<u>2,500</u>
Total Net Assets	<u>850,222</u>
Total Liabilities and Net Assets	<u><u>\$ 946,586</u></u>

See accompanying notes to financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 1999**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT, REVENUES AND RECLASSIFICATIONS</b>				
Donations	\$ 31,993	\$ -	\$ -	\$ 31,993
Donated Services	37,083	-	-	37,083
Donated Use of Office Space	17,832	-	-	17,832
Fund Raising Events	289,026	-	-	289,026
Grants:				
EPA - Johnston Basin Cleanup	-	1,168,888	-	1,168,888
EPA - Empact	-	73,115	-	73,115
Other -- Restricted	-	163,139	-	163,139
Investment Return	24,189	-	-	24,189
Membership Sales	23,725	-	-	23,725
Merchandise Sales	734	-	-	734
Miscellaneous Income	10,637	-	-	10,637
Net Assets Released from Restrictions	<u>1,368,381</u>	<u>(1,368,381)</u>	-	<u>-</u>
Total Support and Revenue	<u>1,803,600</u>	<u>36,761</u>	-	<u>1,840,361</u>
<b>EXPENSES</b>				
Program Services:				
Environmental Education	464,867	-	-	464,867
Scientific and Field Research	<u>870,754</u>	-	-	<u>870,754</u>
Total Program Services	<u>1,335,621</u>	-	-	<u>1,335,621</u>
Support Services:				
Fund Raising	136,642	-	-	136,642
Management and General	258,821	-	-	258,821
Membership Promotion	<u>4,715</u>	-	-	<u>4,715</u>
Total Support Services	<u>400,178</u>	-	-	<u>400,178</u>
Total Expenses	<u>1,735,799</u>	-	-	<u>1,735,799</u>
<b>INCREASE IN NET ASSETS</b>	67,801	36,761	-	104,562
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>734,163</u>	<u>8,997</u>	<u>2,500</u>	<u>745,660</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 801,964</u>	<u>\$ 45,758</u>	<u>\$ 2,500</u>	<u>\$ 850,222</u>

See accompanying notes to financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 1999**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in Net Assets	\$ 104,562
Adjustments to Reconcile Increase in Net Assets	
To Net Cash Provided (Used) by Operating Activities:	
Depreciation	16,865
Loss on Disposition of Equipment	1,137
Unrealized Loss on Investments	3,238
(Increase) in Accrued Interest Receivable	(2,109)
Decrease in Grants Receivable	(167,003)
Increase in Accounts Payable	23,576
(Decrease) in Deferred Revenue	<u>(7,952)</u>
Cash Flows Provided (Used) by Operating Activities	<u>(27,686)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of Investments	(119,841)
Purchases of Office Furniture and Equipment	<u>(677)</u>
Cash Flows Used In Investing Activities	<u>(120,518)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(148,204)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>592,909</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 444,705</u></u>
<b>SHOWN ON THE ACCOMPANYING STATEMENT OF FINANCIAL POSITION AS:</b>	
Cash and Cash Equivalents	\$ 439,691
Restricted Cash for Program Expenditures	<u>5,014</u>
	<u><u>\$ 444,705</u></u>
<b>SUPPLEMENTAL INFORMATION</b>	
Cash Paid During the Year for:	
Interest	<u><u>\$ -</u></u>

See accompanying notes to financial statements.



**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 1999**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION**

Lake Pontchartrain Basin Foundation, (the "Foundation") is a non-profit, publicly supported organization exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. It was established and incorporated September 19, 1989 by Act 716 of the 1989 Louisiana Legislature and pursuant to the Nonprofit Corporation Law of the State of Louisiana for the purpose of the restoration and preservation of the environmental and ecological balance of the Lake Pontchartrain Basin.

The Foundation has established goals of attaining all water quality standards of Lake Pontchartrain and its major tributaries, and the protection and restoration of the Lake Pontchartrain Basin's natural resources. The Foundation will assist and coordinate efforts with federal, state and parish agencies to clean up and restore Lake Pontchartrain. The Foundation will also undertake programs and fund research in areas such as municipal runoff, sewage systems, industrial discharge, agricultural discharge, saltwater intrusion, erosion and restoration.

**BASIS OF PRESENTATION**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**CASH EQUIVALENTS**

The Foundation has a cash deposit in excess of the federally insured limit. At December 31, 1999, the Foundation had a Money Market Fund with an account balance of \$100,850 of which \$100,000 was insured by the Federal Deposit Insurance Corporation.

For the purpose of the statement of cash-flows, the Foundation considers short-term investments as cash equivalents.

**PUBLIC SUPPORT, REVENUE AND PLEDGES**

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions are recorded as restricted if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time

**LAKE PONTCHARTAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 1999**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

All contributions are considered available for unrestricted use unless specially restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes.

Other sources of revenue include grants, contracts, sales of merchandise and fund raising events.

During 1999, \$144,715 was received as grants for the temporarily restricted purpose of sponsoring environmental programs. Expenditures of \$132,384 were incurred for these programs during 1999. The remaining \$12,331 was received as temporarily restricted funds in 1999.

**OFFICE FURNITURE AND EQUIPMENT**

The Foundation capitalizes office furniture and equipment at cost, or if donated, at fair market value at the time of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the furniture and equipment, which range from 3 to 10 years.

**FUNCTIONAL ALLOCATION OF EXPENSES**

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

**COMPENSATED ABSENCES**

The Foundation has not accrued compensated absences such as vacation and sick leave. The amounts are estimated to be immaterial to the financial statements, taken as a whole.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LAKE PONTCHARTAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 1999**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ACCOUNTING FOR FINANCIAL INSTRUMENTS**

In 1996, the Foundation adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets.

**NOTE B - DONATED SERVICES AND OFFICE SPACE**

The value of donated services by volunteers is not reflected in the accompanying financial statements because they do not meet the criteria necessary to be recorded under the Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. SFAS No. 116 requires donated services to be recorded only if the recipient organization would have to purchase such services to maintain its operations or accomplish its mission. Although the time contributed by volunteers is not recorded in the accompanying financial statements, it should be noted that a substantial number of volunteers have donated significant amounts of their time to the Foundation's fund raising events.

The Foundation also receives various donated professional services, facilities, and materials, including the match portion of the federal grants, which are recorded in the accompanying financial statements as donated services because they enhance financial assets, require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Those considered most significant include free use of a portion of its office facilities, parking and utilities. The rental value of these facilities, in the amount of \$17,832 for 1999, has been reflected in the accompanying financial statements as support and revenue with a like amount included in supporting services as management and general expenses.

The Foundation participates in a fundraising program through Volunteers of America (VOA), whereby the public may donate boats or automobiles to VOA, in the name of the Foundation. Proceeds from the sale of the donated merchandise are divided between VOA and the Foundation. The Foundation receives seventy percent of the sales price less a \$50 handling fee, which VOA retains as a handling fee for acting as the agent who gets the merchandise from the donor and sells it. In 1999, the Foundation did not receive any revenues through this program.

**LAKE PONTCHARTAIN BASIN FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 1999**

**NOTE C – GRANT RECEIVABLE**

Grant receivable at December 31, 1999 is made up of the following:

EPA	\$ 161,218
Sewerage and Water Board	<u>50,000</u>
	<u>\$ 211,218</u>

All grant receivables are deemed collectible. Therefore, the Foundation does not record an allowance for doubtful accounts.

**NOTE D – OFFICE FURNITURE AND EQUIPMENT**

Office furniture and equipment, at cost, and related accumulated depreciation at December 31, 1999 are summarized as follows:

Computer Equipment	\$ 57,339
Furniture and Fixtures	20,701
Boat and Other Program Equipment	<u>39,759</u>
	117,799
Less: Accumulated Depreciation	<u>71,136</u>
	<u>\$ 46,663</u>

Depreciation expense for 1999 was \$16,865.

**NOTE E – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Sewage and Water Board	\$ 18,424
Back to the Beach	15,003
Turtle Cove Teacher Workshops	5,912
Coalition to Restore Urban Water	1,419
REEF	<u>5,000</u>
	<u>\$ 45,758</u>

**LAKE PONTCHARTAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 1999**

**NOTE F – RESTRICTED ASSETS**

EPA Grant

In accordance with the EPA grant agreements, the Foundation is required to maintain separate checking accounts for which the use is restricted to the purpose of the grants.

Lake Pontchartrain Basin Foundation Endowment Fund

Investments include \$2,500 which represents the permanently restricted portion of the endowment fund investment account.

Save Our Lake Endowment

The Save Our Lake Endowment Trust was created on January 20, 1998 as a 501(c)(3) organization. The purposes of the Trust are the restoration and preservation of the environmental and ecological balance of the Lake Pontchartrain Basin. In furtherance of these purposes, the Trust will promote the establishment, management and growth of the Endowment Fund for the exclusive benefit of the Lake Pontchartrain Basin Foundation. All activities of the Trust, as well as Lake Pontchartrain Basin Foundation, are engaged in exclusively for purposes described in Section 501(c)(3) and Section 170(c)(2)(B) of the Internal Revenue Code and the regulations issued thereunder. The Trustees may, within their sole discretion, retain all or part of any of the Trust income for the purpose of investment in the Endowment Fund or may distribute the income to the Lake Pontchartrain Basin Foundation. At December 31, 1998, the Trust income and principal was shown as a transfer to the Save Our Lake Endowment since the Trust is maintained as a 501(c)(3) organization separate from the Foundation.

**NOTE G – LEASE COMMITMENT**

The Foundation leases a copier under an operating lease which expires September 30, 2003. In addition, the Foundation occupied office space under an operating lease that expired on September 30, 1999. The future minimum payments are:

	<u>Copier</u>	<u>Total Commitment</u>
2000	2,520	2,520
2001	2,520	2,520
2002	2,520	2,520
2003	<u>1,890</u>	<u>1,890</u>
	<u>\$ 9,450</u>	<u>\$ 9,450</u>

**LAKE PONTCHARTAIN BASIN FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
For the Year Ended December 31, 1999**

**NOTE G – LEASE COMMITMENT (CONTINUED)**

Rent expense was \$36,156 for the year ended December 31, 1999.

**NOTE H – PENSION PLAN**

Effective July 1, 1999, the Foundation has adopted a 401(k) plan covering all employees who have completed a minimum of one year of service regardless of age. Plan participants may contribute to the plan, and the Foundation may make matching contributions of up to 5%. The Foundation's contribution to the plan was \$6,983 for the year ended December 31, 1999.

**NOTE I – INDIRECT COST**

Included in the EPA grant revenue is the indirect cost allocation. The amount of indirect costs reimbursed included in the 1999 revenue is \$75,297.

**NOTE J – INVESTMENTS**

As required by SFAS No. 124, investments are recorded at fair value and consist of the following as of December 31, 1999:

Mutual Fund	\$ <u>232,192</u>
Total Investments	\$ <u>232,192</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 1999:

Interest Income	\$ 19,850
Dividend Income	7,577
Realized Loss	-
Unrealized Loss	<u>(3,238)</u>
Total Investment Return	\$ <u>24,189</u>

**NOTE K – CONCENTRATION OF RISK**

The Foundation has a significant amount of revenue received from with the Environmental Protection Agency (EPA). The majority of the Foundation's support is received from EPA grants. In 1999, 67% of the Foundation's total support and revenue was derived from EPA grants.

**LAKE PONTCHARTAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Year Ended December 31, 1999**

**NOTE L – TURTLE COVE**

Environmental education expenses include \$63,016 expended for Project #17, Educational Outreach Activities. Included in this amount is \$8,214 related to environmental education activities at Turtle Cove.

## **SUPPLEMENTARY INFORMATION**



**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNCTIONAL EXPENSES**

**SCHEDULE III  
FUND RAISING EXPENSES  
For the Year Ended December 31, 1999**

Back to the Beach	\$ 106,292
Golf Tournament	10,323
Development Consultant	5,956
Fourth of July	4,440
Rodeo	3,787
Endowment	2,726
Swampsweep	1,962
Printing	291
Postage	282
Laketown	158
T-Shirts	139
Entertainment	112
Subscriptions	77
Awards	73
Fundraising Seminars	<u>24</u>
 Total	 <u><u>\$ 136,642</u></u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNCTIONAL EXPENSES**

**SCHEDULE IV  
MANAGEMENT AND GENERAL EXPENSES  
For the Year Ended December 31, 1999**

Donated Services	\$ 37,083
Office Manager	30,671
Executive Director	26,564
Environmental Director	24,180
Event Coordinator	21,253
Donated Use of Office Facilities	17,832
Executive Assistant	13,613
Telephone	11,084
Rent	9,818
Payroll Taxes	9,035
Environmental Assistant	7,418
Group Insurance	6,157
Other Compensation	6,086
Postage and Federal Express	3,922
Copier Maintenance	3,218
Office Supplies	2,904
Auditing	2,900
401(k) Contribution	2,558
Auto Mileage	2,433
Depreciation	2,175
Computer Maintenance	1,984
Other Professional Services	1,585
Director Insurance	1,500
Administrative Assistant	1,470
Parking	1,355
General Counsel	1,219
General Insurance	1,212
Airfare	1,045
Travel	1,002
Subscriptions and Dues	801
Staff Educational Resources	720
Membership Dues	715
Development	665
Workman's Compensation Insurance	624
Entertainment	474
Meeting Room	417
401(k) Administrative	396
Licenses and Taxes	265
Accounting	259
Bank Charges	<u>209</u>
 Total	 <u><u>\$ 258,821</u></u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNCTIONAL EXPENSES**

**SCHEDULE V  
MEMBERSHIP PROMOTION EXPENSES  
For the Year Ended December 31, 1999**

Printing and Postage	\$ 4,295
Membership Expenses	<u>420</u>
Total	<u>\$ 4,715</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNCTIONAL EXPENSES**

**SCHEDULE VI  
BUDGET TO ACTUAL COMPARISON  
For the Year Ended December 31, 1999**

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>SUPPORT AND REVENUE</b>			
Donations	\$ 31,993	\$ 40,000	\$ (8,007)
Donated Services	37,083	-	37,083
Donated Use of Office Space	17,832	-	17,832
Fund Raising Events	289,026	243,000	46,026
Grants:			
EPA - Johnston Basin Clean-up	1,168,888	507,208	661,680
EPA - Empact	73,115	-	58,139
Other - Restricted	163,139	105,000	39,715
Investment Return	24,189	-	24,189
Membership Sales	23,725	30,000	(6,275)
Merchandise Sales	734	-	734
Other	<u>10,637</u>	<u>15,000</u>	<u>(4,363)</u>
Total Support and Revenue	<u>1,840,361</u>	<u>940,208</u>	<u>900,153</u>
<b>EXPENSES</b>			
Program Services:			
Environmental Education	464,867	46,500	(418,367)
Scientific and Field Research	<u>870,754</u>	<u>487,208</u>	<u>(383,546)</u>
Total Program Services	<u>1,335,621</u>	<u>533,708</u>	<u>(801,913)</u>
Supporting Services:			
Fund Raising	136,642	134,000	(2,642)
Management and General	258,821	405,220	146,399
Membership Promotion	<u>4,715</u>	<u>10,000</u>	<u>5,285</u>
Total Supporting Services	<u>400,178</u>	<u>549,220</u>	<u>149,042</u>
Total Expenses	<u>1,735,799</u>	<u>1,082,928</u>	<u>(652,871)</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 104,562</u>	<u>\$ (142,720)</u>	<u>\$ 247,282</u>

**OMB CIRCULAR A-133 SECTION**

# REBOWE & COMPANY

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## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
**Lake Pontchartrain Basin Foundation**

We have audited the financial statements of **Lake Pontchartrain Basin Foundation** (the "Foundation") (a nonprofit organization) as of and for the year ended December 31, 1999, and have issued our report thereon dated March 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course

of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Foundation in a separate letter dated March 20, 2000.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, the Bureau of the Census, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rebowe & Company*

March 20, 2000

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A PROFESSIONAL CORPORATION

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## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
**Lake Pontchartrain Basin Foundation**

### **Compliance**

We have audited the compliance of **Lake Pontchartrain Basin Foundation** (the "Foundation") (a nonprofit organization) with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1999. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.



### **Internal Control Over Compliance**

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

*This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, the Bureau of the Census, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.*

*Rebowe & Company*

March 20, 2000

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 1999

Federal CFDA Number	Grant Number	Grant Period		Total Grant Award	1999		Total Expenditures To Date
		From	Through		Federal Revenue Recognized	1999 Expenditures	
United States Environmental Protection Agency							
66.606	X996097-01-0	5/01/93	9/30/01	\$6,700,000*	1,168,888**	\$1,168,888	\$ 5,339,024
66.606	X986193-01-0	10/1/98	9/30/03	180,000*	73,115**	73,115	73,115
	Totals			\$6,880,000	\$1,242,003	\$1,242,003	\$ 5,412,139

\*Major Program

\*\*Prepared on accrual basis.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 1999**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Foundation.
2. No material weaknesses relating to the audit of the financial statements of the Foundation were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the Foundation were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Foundation expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Foundation are reported in Part C of this Schedule.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Johnston Basin Cleanup	66.606
Empact	66.606

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Foundation was determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

None

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended December 31, 1999**

There were no audit findings reported in the prior year.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 1999**

Due to the fact that there are no findings in the current or prior year, there is no corrective action plan required.