

SINGLE AUDIT SECTION

There should also be at least two security guards stationed at the money room door at all times, starting from the time the start-up cash is delivered in the morning to the time the last cash is picked up at night. A security guard should always accompany the runner going to the booths to collect money. Also, the security guards should perform a grounds sweep after the event is closed at night to ensure weapons is off the premises. Again, we note that the above procedures are in place, however, someone should be responsible for ensuring that the procedures are followed at the event.

Observation: Back to the Bank Money Count Receipts

Controls over money count receipts and procedures can be improved.

Recommendation

After the money is counted and a receipt is written up for that amount, an independent person should hold a copy of the receipts and those copies should be reconciled to the bank deposits on a timely basis.

We also noted the following conditions which we would like to mention, even though they are not considered material weaknesses or reportable conditions.

MAIN OFFICE:

Observation: Back to the Bank Disaster Plan

Currently, there is no disaster plan for collecting money from the booths in the event of a disaster, such as the severe rain experienced during the 1996 event.

Recommendation

A disaster plan needs to be developed. The plan should include procedures for collecting money from the booths in the case of a disaster, whether it be volunteers abandoning the booths to escape rain, violence, or some other tragedy. The plan should be clear and specific as to who is responsible for which booths and whom those individuals should proceed if the money room's safety is compromised as a result of the disaster.

Observation: Back to the Bank Record Keeping

Current record keeping on site is done using pencil and paper, which is tedious, time-consuming, and more prone to errors.

Recommendation

Efficiency and accuracy in record keeping can be improved by having a portable computer on site in the money room. A spreadsheet program could be utilized to prevent having to re-write the same things repeatedly and would eliminate the need for doing long-hand math. These two benefits would be helpful to the money room staff, especially when it gets busy.

Observation: Back to the Beach Money Room and Security

There is inadequate security of the money room during the event. Access is not adequately monitored and a sufficient number of security guards are not posted at the money room consistently throughout the event.

Recommendation

Although the Foundation has procedures in place to safeguard the security of the money room, the procedures are not being followed on a consistent basis. Our safety concerns are primarily for the safety of the volunteers and staff working in the money room; however, we are also concerned about the safety of the large volume of cash constantly present in the money room. Access to the money room should be limited to those volunteers working during a particular shift. Others, regardless of their relationship to the volunteers or staff members, should be prohibited. Having a photo identification card for these volunteers in addition to requiring the employees staffed at the money room to walk to the door to verify identification prior to entry would be a good procedure. There should also be at least two security guards stationed at the money room door at all times, starting from the time the start-up cash is delivered in the morning to the time the last cash is picked up at night. A security guard should always accompany the runner going to the beach to collect money. Also, the security guards should perform a grounds sweep after the event is closed at night to ensure everyone is off the premises. Again, we note that the above procedures are in place, however, someone should be responsible for ensuring that the procedures are followed at the event.

Observation: Back to the Beach Money Count Receipts

Controls over money count receipts and procedures can be improved.

Recommendation

After the money is counted and a receipt is written up for that amount, an independent person should hold a copy of the receipts and these copies should be accretioned to the bank deposits on a timely basis.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control structure and its operation that we have reported in the management of LAKE PINCHBAUGH TRAIN HALL FOUNDATION, in a separate letter dated March 26, 1999.

(SUGGESTION OFFICE):

Observations - Contracts

Many contracts for JBC projects state that the Foundation is to receive copies of such reports from the contractors. This is not being pursued by the Foundation.

Recommendation

While the Foundation may consider the monthly or quarterly reports filed by the contractors to be sufficient, the fact that EPA has reviewed and approved the contracts as written means that not obtaining the said reports is an instance of noncompliance with the contract. If having the said reports is not considered necessary, the change should be approved by EPA and the verbiage should be deleted from the contracts.

We appreciate the confidence you have placed in us by allowing us to serve Lake Ponchartraine Basin Foundation as your Certified Public Accountants. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional studies of these matters, or to assist you in implementing the recommendations.

Sincerely,

LAPORTE, SHERY, ROMIG & HANE

A Professional Accounting Corporation



Frank W. Cotton, Jr.
Certified Public Accountant

FRC/jrk

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions noted are as follows:

Observation: Cash Receipts

There is improper segregation of duties concerning cash receipts. There is one employee who opens the mail, lists the cash receipts, inputs them into the computer database, and writes thank-you letters to the donors. The list is then forwarded to the accounting employee to input into the accounting records. However, the list that is forwarded to accounting does not include the remittance support. As a result, there is no way for accounting to verify the appropriateness of the cash receipts classifications. This precludes the possibility of appropriately reconciling the database and accounting records because the accounting records are prepared using the database information.

Recommendation

Because the Foundation is a small organization, there is insufficient staff to segregate all of these duties. However, internal control can be sufficiently improved if the remittances are given to accounting so that the classifications can be independently verified. Only then will reconciling cash receipts per the general ledger to the cash receipts recorded in the computer database be meaningful. Having the remittances forwarded to accounting would also ensure that any differences are addressed as soon as possible, and would thereby ensure the accuracy of the information in both systems.

Observation: Deposits

Bank deposits are not always being made on a daily basis.

Recommendation

Bank deposits should be made on a daily basis whenever possible. This improves cash flow and decreases the risk of misplacement or theft of these receipts. We understand that sometimes there may be only one or two checks received, which often are held until "enough" are received to warrant a trip to the bank. While management has set a threshold for determining what dollar amount is "enough," there should be a maximum number of days cash receipts can be held, regardless of the dollar amount. Although the above procedures are already in place, they are not always being followed. For an internal control structure to be effective, all procedures that are in place should be followed.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL STRUCTURE BASED ON AN
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of **LAKE PONTCHARTRAIN BASIN FOUNDATION** (a non-profit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated March 26, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Foundation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of **LAKE PONTCHARTRAIN BASIN FOUNDATION** for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

A Professional Accounting Corporation

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Network and Affiliates with Accounting Firms from 1981, Inc.

This report is intended for the information of the Board of Directors, Audit Advisory Committee and Management of LAKE PONCHATRRAIN BASIN FOUNDATION, the Environmental Protection Agency, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



A Professional Accounting Corporation

March 18, 1987



**INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY INFORMATION - SCHEDULE OF FEDERAL AWARDS**

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

We have audited the financial statements of LAKE PONTCHARTRAIN BASIN FOUNDATION (a non-profit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated March 26, 1997. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Deloitte, Debevoise & Leonard
A Professional Accounting Corporation

March 26, 1997

A Professional Accounting Corporation

1000 Poydras Street, Suite 2000, New Orleans, Louisiana, 70112 (504) 582-5000 FAX (504) 582-5000

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Members of AICPA, Institute for CPA, State Public Company, Practice Section and SEC Practice Section
Subsidiary Member with Accounting Firm Association, Inc.

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL AWARD PROGRAMS**

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

We have audited the financial statements of LAKE PONTCHARTRAIN BASIN FOUNDATION (a non-profit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated March 26, 1997.

We have applied procedures to test the Foundation's compliance with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards for the year ended December 31, 1996:

Political Activity
Civil Rights
Cash Management
Federal Financial Reports
Allowable-Cost/Cost Principles
Drug-Free Workplace
Administrative (Common Rule) Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget (OMB) Circular A-133, "Compliance Supplement for Audits of Institutions of Higher Education and Other Nonprofit Institutions." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Foundation's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that LAKE PONTCHARTRAIN BASIN FOUNDATION had not complied, in all material respects, with these requirements.

A Professional Accounting Corporation

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New Orleans, Louisiana 70112-3099

Member of AICPA Institute of Certified Public Accountants
Member of AICPA Institute of Certified Public Accountants
Member of AICPA Institute of Certified Public Accountants

**LAKE PONCHARTRAIN BASIN FOUNDATION
SUPPLEMENTARY INFORMATION
STATEMENTS OF FUNCTIONAL EXPENSES**

**SCHEDULE VI
BUDGET TO ACTUAL COMPARISON**

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
SUPPORT AND REVENUE			
Donations	\$ 19,213	\$ 65,000	\$ (45,787)
Donated Services	204,718	-	204,718
Donated Use of Office Space	23,859	-	23,859
Fund Raising Events	293,497	129,000	164,497
Grants:			
EPA - Stormwater Treatment Project	120,007	35,500	84,507
EPA - Johnson Basin Cleanup	601,491	479,641	121,850
Other - Restricted	16,900	99,000	(82,100)
Program Reimbursement	-	-	-
Investment Return	15,344	6,000	9,344
Memberships	22,919	23,000	(2,881)
Merchandise Sales	597	-	597
Net Assets Released from Restrictions	-	-	-
Total Support and Revenue	<u>1,353,635</u>	<u>838,600</u>	<u>415,035</u>
EXPENSES			
Program Services:			
Environmental Education	104,931	34,500	(70,431)
Scientific and Field Research	268,660	314,948	(273,447)
Total Program Services	<u>373,591</u>	<u>349,448</u>	<u>(24,147)</u>
Supporting Services:			
Fund Raising	143,933	123,850	(20,883)
Management and General	200,881	218,368	15,999
Membership Promotion	3,124	3,800	2,806
Total Supporting Services	<u>347,938</u>	<u>346,018</u>	<u>17,920</u>
Total Expenses	<u>721,529</u>	<u>695,466</u>	<u>(26,063)</u>
CHANGES IN NET ASSETS	<u>\$ 108,881</u>	<u>\$ 2,728</u>	<u>\$ 106,153</u>

LAKE FONTCHARTRAIN BASIN FOUNDATION
SUPPLEMENTARY INFORMATION
STATEMENTS OF FUNCTIONAL EXPENSES

SCHEDULE V
MEMBERSHIP PROMOTION EXPENSES

	For The Years Ended December 31,	
	1998	1999
Miscellaneous Expenses	\$ 1,547	\$ 2,111
Printing and Postage	187	310
Dues and Subscriptions	-	272
Total	\$ 1,734	\$ 2,693

LAKE MICHIGAN BASIN FOUNDATION
 SCHEDULE OF FEDERAL AWARDS

For The Year Ended December 31, 1996

Federal CFDA Number	Grant Number	Grant Period		Total Grant Award	Federal Expenditures Recognized	Federal Expenditures Reimbursed	Expenditures
		From	Through				
<hr/>							
United States Environmental Protection Agency							
-	335800781-0	8/1/93	8/31/99	\$4,782,000	\$ 453,491	\$ 184,308	\$ 453,491
<hr/>							
Other Federal Awards							
<hr/>							
United States Environmental Protection Agency							
-	300871141-0	8/1/93	8/31/99	274,000	100,000		126,000
<hr/>							
Non-Federal Project							
<hr/>							
				<u>\$4,055,000</u>	<u>\$ 553,491</u>	<u>\$ 184,308</u>	<u>\$ 553,491</u>

* Major Program

**INDEPENDENT AUDITOR'S REPORT
ON THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL AWARDS**

To the Board of Directors
Lake Pontchartrain Basin Foundation
Mitiskin, Louisiana

We have audited the financial statements of the LAKE PONTCHARTRAIN BASIN FOUNDATION (a non-profit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated March 26, 1997. We have also audited the Foundation's compliance with requirements applicable to major federal programs and have issued our report thereon dated March 26, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Foundation complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing our audit for the year ended December 31, 1996, we considered the Foundation's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Foundation's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated March 26, 1997.

A Professional Accounting Corporation

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Member of AICPA (to issue the CPA, Certified Public Accountant) and ICF, Certified Public Accountant
International Organization of Certified Public Accountants, Inc.

The management of the Foundation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments made by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

Accounting Applications	General Requirements	Specific Requirements
Budget	Political Activity	Financial Reports, Claims for Advances and
Cash	Civil Rights	Grants Reimbursement
Revenues and Receipts	Cash Management	Matching and Allowability of Amounts Claimed or Used for Matching
Expenditures for Goods and Services, and Accounts Payable	Federal Financial Reports	Type of Services Allowed/ Unallowed
Payroll and Related Liabilities	Allowable Costs/Cost Principles	
Grants	Drug-Free Workplace	
General Ledger/Financial Reporting	Administrative (Common Rule) Requirements	

For all of the internal control structure categories listed in the preceding paragraph, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1996, LAKE POSNCHARTRAIN BASIN FOUNDATION expended 84 percent of its total federal awards under its major federal programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the Foundation's major federal programs, which is identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of LAKE PONTCHARTRAIN BASIN FOUNDATION (a non-profit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated March 26, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts and grants applicable to the Foundation is the responsibility of the Foundation's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Foundation's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of LAKE PONTCHARTRAIN BASIN FOUNDATION in a separate letter dated March 26, 1997.

This report is intended for the information of the Board of Directors, Audit Advisory Committee and Management of LAKE PONTCHARTRAIN BASIN FOUNDATION, the Environmental Protection Agency, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Anthony John Angi's Hand

A Professional Accounting Corporation

March 26, 1997

A Professional Accounting Corporation

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This report is intended for the information of the Board of Directors, Audit Advisory Committee and Management of LAKE PONCHARTRAIEN BASIN FOUNDATION, the Environmental Protection Agency, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Arthur J. Sledge, III
A Professional Accounting Corporation

March 28, 1987

MAIN OFFICE:

Observation: Cash Receipts

There is improper segregation of duties concerning cash receipts. There is one employee who opens the mail, lists the cash receipts, inputs them into the computer database, and writes thank you letters to the donors. The list is then forwarded to the accounting employee to input into the accounting records. However, the list that is forwarded to accounting does not include the remittance support. As a result, there is no way for accounting to verify the appropriateness of the cash receipts classifications. This precludes the possibility of appropriately reconciling the database and accounting records because the accounting records are prepared using the database information.

Recommendation

Because the Foundation is a small organization, there is insufficient staff to segregate all of these duties. However, internal control can be sufficiently improved if the remittance list given to accounting so that the classifications can be independently verified. Only lists with reconciling cash receipts per the general ledger to the cash receipts recorded in the computer database be acceptable. Having the remittances forwarded to accounting would also ensure that any differences are addressed as soon as possible, and would thereby ensure the accuracy of the information in both systems.

Observation: Deposits

Bank deposits are not always being made on a daily basis.

Recommendation

Bank deposits should be made on a daily basis whenever possible. This improves cash flow and decreases the risk of misplacement or theft of these receipts. We understood that sometimes there may be only one or two checks received, which often are held until "enough" are received to warrant a trip to the bank. While management has set a threshold for determining what dollar amount is "enough," there should be a maximum number of days cash receipts can be held, regardless of the dollar amount. Although the above procedures are already in place, they are not always being followed. Use an internal control system to be effective, all procedures that are in place should be followed.

Observation: Back to the Beach Money Room and Security

There is inadequate security of the money room during the event. Access is not adequately restricted and a sufficient number of security guards are not posted at the money room consistently throughout the event.

Recommendation

Although the Foundation has procedures in place to safeguard the security of the money room, the procedures are not being followed on a consistent basis. Our safety concerns are primarily for the safety of the volunteers and staff working in the money room; however, we are also concerned about the safety of the large volume of cash constantly present in the money room. Access to the money room should be limited to those volunteers working during a particular shift. Others, regardless of their relationship to the volunteers or staff members, should be prohibited. Having a photo identification card for those volunteers in addition to requiring the employee staffed at the money room to walk to the door to verify identification prior to entry would be a good procedure.



March 28, 1997

Lake Pontchartrain Basin Foundation
Board of Directors
Lakerway III, Suite 2070
3838 North Causeway Blvd
Metairie, LA 70002

Ladies and Gentlemen:

We wish to thank you and the staff for the cooperation given us during our engagement with Lake Pontchartrain Basin Foundation. In planning and performing our audit of the financial statements of Lake Pontchartrain Basin Foundation for the year ended December 31, 1996, we considered its internal control structure 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 structure. However, we noted certain matters involving the internal control structure and its operation that are susceptible to reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Foundation's ability to process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

The consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness. This letter does not affect our report dated March 28, 1997 on the financial statements of the Lake Pontchartrain Basin Foundation.

A Professional Accounting Corporation

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Our mutual affiliation with Accounting Firm International, Inc.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

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

We have audited the financial statements of LAKE PONTCHARTRAIN BASIN FOUNDATION (a non-profit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated March 26, 1997.

In connection with our audit of the financial statements of the Foundation and with our consideration of the Foundation's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the year ended December 31, 1996. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Foundation's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Foundation had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed material instances of noncompliance with the requirements referred to in the second paragraph that we have communicated to the management of LAKE PONTCHARTRAIN BASIN FOUNDATION in a separate letter dated March 26, 1997.

This report is intended for the information of the Board of Directors, Audit Advisory Committee and management of the LAKE PONTCHARTRAIN BASIN FOUNDATION, the Environmental Protection Agency, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



A Professional Accounting Corporation

March 26, 1997

A Professional Accounting Corporation

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

**SCHEDULE IV
MANAGEMENT AND GENERAL EXPENSES**

	For The Years Ended December 31,	
	1998	1997
Executive Director	\$ 24,140	\$ 24,782
Donated Use of Office Facilities	22,858	22,836
Office Manager	22,540	21,966
Environmental Director	21,980	21,484
Administrative Assistant	20,270	18,839
Donated Services	28,410	-
Telephone	18,809	9,376
Payroll Taxes	3,285	7,702
Project Coordinator	6,978	6,217
Depreciation	4,282	4,822
Group Insurance	4,517	4,834
Auditing	3,888	2,706
General Counsel	3,858	8,942
Auto Mileage	3,815	2,574
General Insurance	2,738	2,387
Miscellaneous Office	2,604	2,194
Postage and Federal Expenses	2,391	3,696
Rent	2,877	-
Moving Expenses	2,000	-
Copier Maintenance	1,847	1,534
Accounting	1,647	3,828
Office Supplies	1,611	2,976
Subscriptions and Dues	1,263	1,453
Computer Maintenance	1,189	1,234
Other Professional Services	1,080	-
Parking	884	1,178
Supplies- Equipment	861	-
Administrative Letters	812	-
Workman's Compensation Insurance	704	888
Loss on Disposition of Equipment	456	198
Staff Educational Resources	395	1,180
Bank Charges	376	2,588
Licenses and Taxes	368	368
Other Compensation	333	-
Travel	243	464
Printing	21	532
Total	\$ 320,881	\$ 182,376

This report is intended for the information of the Board of Directors, Audit Advisory Committee and Management of LAKE FORTCHARTRAIN BASIN FOUNDATION, the Environmental Protection Agency, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Arthur J. Broy's Head

A Professional Accounting Corporation

March 26, 1997

LAKE PONCHARTRAIN BASIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

LAKE PONCHARTRAIN 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 736 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, sediment intrusion, erosion and reclamation.

BASIS OF PRESENTATION

In 1996, the Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 117 requires reporting information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Restrictions are based upon donor stipulations. In addition, a statement of cash flows must be presented. This reclassification had no effect on the change in net assets for 1996.

PUBLIC SUPPORT, REVENUE AND PLEDGES

In 1996, the Foundation adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Under SFAS No. 116, 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 restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified as 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 specifically 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 asset classes.

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

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL AWARD PROGRAMS**

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

We have audited the financial statements of LAKE PONTCHARTRAIN BASIN FOUNDATION (a non-profit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated March 26, 1997.

We have also audited the compliance of the Foundation with the requirements governing types of services allowed or unallowed; matching; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching, that are applicable to its major federal award programs which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1996. The management of the Foundation is responsible for the Foundation's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Foundation complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to its major programs for the year ended December 31, 1996.

Our consideration of the internal control policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program 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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, Audit Advisory Committee and Management of LAKE PONCHARTRAIN BASIN FOUNDATION, the Environmental Protection Agency, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.


A Professional Accounting Corporation

March 26, 1999

**LAKE PORTCHARTRAIN BASIN FOUNDATION
STATEMENTS OF CASH FLOWS**

	For The Year Ended December 31,	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 108,384	\$ 35,239
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	11,626	9,833
Loss on Disposition of Equipment	496	198
Unrealized Gain on Investments	(368)	(49)
Gain on Sale of Investments	(28)	(38)
Donated Equipment	(8,311)	-
Donated Investments	(948)	-
Discount Accretion	(5,734)	-
(Increase) in Accrued Interest Receivable	(315)	-
(Increase) in Payroll Advances	(848)	-
Decrease (Increase) in Grant Receivable	19,963	(3,718)
Decrease (Increase) in Prepaid Assets	199	(1,119)
Decrease in Deposits	30	-
Increase in Accounts Payable	1,214	29,893
(Decrease) Increase in Accrued Liabilities	(4,754)	1,885
Increase in Deferred Revenue	14,822	38,417
	<u>132,065</u>	<u>79,531</u>
Cash Flows Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturity Investments	125,080	-
Proceeds from Sale of Stock	187	468
Purchases of Investments	(78,843)	(138,248)
Purchase of Office Furniture and Equipment	(12,412)	(15,299)
	<u>53,012</u>	<u>(132,889)</u>
Cash Flows Provided by (Used in) Investing Activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	303,866	(87,650)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>315,366</u>	<u>403,080</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 619,232</u>	<u>\$ 315,430</u>
SUPPLEMENTAL INFORMATION		
Cash Paid During the Year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
See accompanying notes to financial statements.		

To the Board of Directors of
Lake Portechartrain Basin Foundation
Marricre, Louisiana

Independent Auditor's Report

We have audited the accompanying statements of financial position of LAKE PONTECHARTRAIN BASIN FOUNDATION (a non-profit organization) as of December 31, 1996 and 1995, and the related statements of activity for the year-ended December 31, 1996, and the statement of cash flows for the year-ended December 31, 1996 and 1995. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 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 audits provide 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 LAKE PONTECHARTRAIN BASIN FOUNDATION as of December 31, 1996 and 1995, and the changes in its net assets for the year ended December 31, 1996, and its cash flows for the years ended December 31, 1996 and 1995 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 26, 1997, on our consideration of LAKE PONTECHARTRAIN BASIN FOUNDATION's internal control structure and a report dated March 26, 1997, on its compliance with laws and regulations.

A Professional Accounting Corporation

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International Affiliation with the accounting firm shown below, Inc.

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LAKE PONCHARTRAIN BASIN FOUNDATION
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	1996	1995
Cash and Cash Equivalents	\$ 318,904	\$ 149,987
Restricted Cash	108,128	65,189
Investments	83,078	153,325
Prepaid Assets	3,535	3,714
Grant Receivable	-	19,963
Accrued Interest Receivable	315	-
Office Furniture and Equipment, Net	35,835	28,193
Prepaid Admissions	968	-
Deposits	1,575	1,685
Total Assets	\$ 544,342	\$ 424,476

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 37,017	\$ 35,703
Accrued Liabilities	8,954	13,708
Deferred Revenue	38,624	43,732
Total Liabilities	104,625	103,143
Unrestricted	431,533	320,331
Temporarily Restricted	-	-
Other	5,684	8,282
Permanently Restricted	-	-
Endowment Fund	3,508	3,580
Total Net Assets	438,712	331,333
Total Liabilities and Net Assets	\$ 544,342	\$ 424,476

See accompanying notes to financial statements.

LARGE POST-CARBONADES FOUNDRIES
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 1999

(With Comparative Totals for the Year Ended December 31, 1998)

	For the Year Ended December 31,				1999 Total
	1998		1999		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
REPORT AND REVENUE					
Donations	\$ 9,313	\$ -	\$ -	\$ 19,313	\$ 20,686
Donated Services	26,495	184,458	-	208,718	60,573
Donated Use of Office Space	23,899	-	-	23,899	22,876
Fund Raising Events	293,887	-	-	293,887	262,712
Grants:					
EPA - Comprehensive Management Plan	-	-	-	-	57,178
EPA - Stormwater Treatment Project	-	129,897	-	129,897	32,982
EPA - Johnson Basin Cleanup	-	603,691	-	603,691	574,683
Other - Restricted	-	96,899	-	96,899	242,139
Program Reimbursement	-	-	-	-	3,448
Investment Return	13,544	-	-	13,544	14,118
Memberships	22,979	-	-	22,979	22,468
Miscellaneous Gifts	597	-	-	597	544
Net Assets Released from Restrictions	559,434	(679,624)	-	-	-
Total Support and Revenues	1,124,532	618,868	-	1,743,400	1,666,515
EXPENSES					
Program Services:					
Environmental Education	104,833	-	-	104,833	54,181
Scientific and Field Research	288,352	-	-	288,352	603,142
Total Program Services	393,185	-	-	393,185	657,323

**LAKE PONCHARTRAIN BASIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

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 Non-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 change in net assets. The effect of this new Statement caused an increase in Investment Return as of December 31, 1996 of \$49 due to the recognition of the unrealized gain as of December 31, 1995.

NOTE B

DONATED SERVICES AND OFFICE SPACE

The value of donated services by volunteers is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, 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. The most significant is free use of a portion of its office facilities, parking and utilities. The rental value of these facilities, in the amount of \$21,859 for 1996 and \$22,214 for 1995, 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. Likewise, \$184,308 in 1996 and \$65,333 in 1995 was recognized as the match portion of the federal grant.

The Foundation participates in a fundraising program through Volunteers of America (VOA), whereby the public may donate books 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 \$20 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 1996 and 1995, the Foundation received \$1,282 and \$838, respectively, through this program.

For the Year Ended
December 31,
1999

	Unemployed	Temporarily	Nonseasonally	Total	1999	1998
Supporting Services:						
Food Buying	14,972	-	-	14,972	15,794	15,794
Management and Control	201,881	-	-	201,881	202,176	202,176
Monthly Production	2,124	-	-	2,124	2,563	2,563
Total Supporting Services	218,977	-	-	218,977	220,533	220,533
Total Expenses	1,493,321	-	-	1,493,321	1,601,306	1,601,306
CHANGES IN NET ASSETS	116,683	(2,598)	-	114,085	24,209	24,209
NET ASSETS, BEGINNING OF YEAR, AS REPORTED FOR 1999	309,331	4,781	2,500	316,612	306,028	306,028
NET ASSETS, END OF YEAR	\$ 426,014	\$ 2,183	\$ 2,500	\$ 430,717	\$ 330,237	\$ 330,237

As discussed in Note A, LAKE MONTECHARTRAIN BASIN FOUNDATION, adopted Statement of Financial Accounting Standards (SFAS) 116, "Accounting for Contributions Received and Contributions Made," SFAS 117, "Financial Statements of Not-for-Profit Organizations," and SFAS 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" in 1996.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Schedules I, II, III, IV, V and VI presented on pages 13, 14, 15, 16, 17, 18 and 19, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.



A Professional Accounting Corporation

March 28, 1997

**LAKE PONCHARTRAIN BASIN FOUNDATION
SUPPLEMENTARY INFORMATION
STATEMENTS OF FUNCTIONAL EXPENSES**

**SCHEDULE III
FUND-RAISING EXPENSES**

	For The Years Ended	
	December 31,	
	1996	1995
Back to the Beach	\$ 110,093	\$ 93,084
Development Specialist	2,654	24,100
Fourth of July	8,153	8,869
Raido	7,884	-
Development Consultant	7,260	7,725
BPSOL	638	-
Subscriptions	316	-
General Counsel	388	-
Postage	174	254
Poster Sales	163	140
Fundraising Seminars	159	135
Printing	98	1,285
Other	44	1,158
Total	\$ 143,603	\$ 138,784

**LAKE PONTCHARTRAIN BASIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PUBLIC SUPPORT, REVENUE AND PLEDGES (Continued)

During 1996 and 1995, \$16,080 and \$24,558, respectively, were received as grants for the temporarily restricted purpose of sponsoring environmental programs. Expenditures of \$18,385 and \$32,450 were incurred for these programs during 1996 and 1995, respectively. Temporarily Restricted - Other for 1996 and 1995 are \$5,684 and \$8,282, respectively.

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.

RECLASSIFICATIONS

Certain reclassifications of previously reported accounts have been made to conform with the 1996 presentation. Such reclassifications had no effect on the change in net assets.

COMPARATIVE DATA

Comparative data for the prior year, 1995, has been presented in the accompanying Statement of Activities in order to provide an understanding of changes in operations. However, comparative data (i.e., presentation of prior year totals by net asset classification) has not been presented on each of the net asset classifications since their inclusion would make the statements unduly complex and difficult to read.

FUNCTIONAL ALLOCATION OF EXPENSES

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

DEFERRED REVENUE

Deferred revenue results from grants which are restricted for specific purposes. Grant revenue is recognized only to the extent that related expenses have been incurred.

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 these estimates.

LAKE PONCHARTRAIN BASIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE C

OFFICE FURNITURE AND EQUIPMENT

Office furniture and equipment, at cost, and related accumulated depreciation at December 31, 1996 and 1995 are summarized as follows:

	1996	1995
Computer Equipment	\$ 40,858	\$ 25,444
Furniture and Fixtures	13,997	15,152
Boat and Other Program Equipment	9,450	4,890
	70,485	55,686
Less: Accumulated Depreciation	34,652	26,493
	\$ 35,833	\$ 29,193

Depreciation expense for 1996 and 1995 was \$11,625 and \$9,803, respectively.

NOTE D

RESTRICTED ASSETS

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

Investments include \$2,560 which represents the permanently restricted portion of the endowment fund investment account. The remaining \$1,179 in 1996 and \$157 in 1995 of the endowment fund is classified as unrestricted.

NOTE E

LEASE COMMITMENT

The Foundation occupies space under an operating lease which expires September 30, 1999. The future minimum payments are:

1997	\$ 24,000
1998	24,000
1999	18,000
	\$ 66,000

Rent expense was \$17,955 and \$15,985 for the years ended December 31, 1996 and 1995, respectively.

**LAKE PONTCHARTRAIN BASIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE F

PENSION PLAN

The Foundation has a 401b pension plan in effect at December 31, 1996 and 1995. The plan does not receive contributions from the Foundation. It receives contributions solely from the employer by means of a payroll deduction.

NOTE G

INDIRECT COST

Included in the EPA grant revenue is the indirect cost allocation. The amount included in the 1996 revenue is \$78,100 and the amount included in the 1995 revenue is \$75,855.

NOTE H

INVESTMENTS

As required by SFAS 124, investments are recorded at market value and consist of the following as of December 31, 1996 and 1995:

	1996	1995
U.S. Treasury Bills	\$ 77,048	\$ 158,080
Investment in Common Stock		
Various Companies	2,543	1,596
Mutual Fund	3,679	1,217
	\$ 83,270	\$ 161,293

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 1996 and 1995:

	1996	1995
Interest Income	\$ 14,898	\$ 13,899
Dividend Income	44	53
Realized Gains	39	158
Unrealized Gains	368	47
Total Investment Return	\$ 15,349	\$ 14,157

**LAKE PONTCHARTRAIN BASIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1

CONCENTRATION OF RISK

The Foundation has a concentration in the volume of business transacted with the Environmental Protection Agency (EPA). The majority of the Foundation's support is received from EPA grants. In 1995, 53% of total support and revenue was derived from EPA grants. In 1993, that amount was 47%.

The Foundation also has a cash balance in one bank in excess of the \$100,000 FDIC limit, resulting in a concentration of risk.

SUPPLEMENTARY INFORMATION

**LAKE PONCHARTRAIN BASIN FOUNDATION
SUPPLEMENTARY INFORMATION
STATEMENTS OF FUNCTIONAL EXPENSES**

**SCHEDULE I
ENVIRONMENTAL EDUCATION EXPENSES**

	For The Years Ended December 31,	
	1996	1995
Education Expenditures		
Educational Packet and Video	\$ 78,889	\$ 3,369
Turtle Cove Expenditures	9,808	8,538
JP Field Trip	1,572	1,423
Isot's Volunteers	3	2,833
Educational Video Expense	-	11,313
Canal Monitoring	-	6,996
Bookcases	11,808	8,168
Newsletter	5,476	6,276
Environmental Issues	819	-
Education Support	729	-
Bookshelves	598	784
Seminars and Conferences	341	400
Airfare	314	-
Awards	183	111
Giant Books	-	2,228
General Travel Expense	-	236
Automobile Mileage Reimbursement	-	29
Printing	-	12
Total	<u>\$ 104,551</u>	<u>\$ 54,001</u>

**LAKE FONTCHARTRAIN BASIN FOUNDATION
SUPPLEMENTARY INFORMATION
STATEMENTS OF FUNCTIONAL EXPENSES**

**SCHEDULE II
SCIENTIFIC AND FIELD RESEARCH EXPENSES**

	For The Years Ended December 31,	
	1995	1996
Educational Supplies	\$ 50	\$ 4,351
Lagoon Construction	15,804	89,893
LSU-NTW	42,243	32,982
Program Manager	33,942	3,987
Tulane-SBF	33,657	-
Staff/Educational Resources	33,261	28,613
Executive Director	32,105	38,189
Education Coordinator	28,428	27,423
Program Director	28,108	38,553
Environmental Director	27,315	27,286
Program Office Manager	27,482	18,410
Educational Assistant	18,222	14,732
Payroll Taxes	17,246	15,811
Rent	13,879	12,886
St. Tammany Water #8	14,611	98,835
Northshore SAV Evaluation	14,339	-
Miscellaneous Grant Expenses	14,853	-
Contract Services	32,798	3,690
T.R.E.E. #36	12,305	-
Automobile Mileage Reimbursement	9,259	6,889
Group Insurance	9,248	6,274
Model of Wetlands #15	8,369	-
Administrative Assistant	8,118	5,812
Algae Bloom #9	7,983	-
Telephone	7,828	5,286
Project/Program Assistant	7,241	-
Depreciation	7,024	4,410
South Shore Water Quality	6,800	-
Basinics Study	6,717	-
General Travel Expenses	3,429	1,887
Project Coordinator	3,168	15,753
Maps, Books and Publications	4,422	9,299
Lake Monitoring	4,296	2,358
Miscellaneous Supplies	4,194	2,148

LAKE PONCHARTRAIAN BASIN FOUNDATION
SUPPLEMENTARY INFORMATION
STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

SCHEDULE II
SCIENTIFIC AND FIELD RESEARCH EXPENSES

	For The Years Ended	
	December 31,	
	1998	1999
Other Professional Services	4,095	5,831
Accounting	3,488	2,699
Project Income	2,891	-
Airfare	2,515	1,897
Postage	2,497	1,919
Newsletters	2,349	2,816
Workman's Compensation Insurance	2,297	1,217
Canal Water	2,279	1,809
Project Assistant	2,041	1,814
Insurance - General	1,417	1,813
Office Supplies	1,378	633
Bookkeeping	1,002	324
Business and Conferences	726	415
Taxes and Licenses	345	-
Computer Consultant	388	-
Printing	326	1,908
Miscellaneous	12	42
Tangipahoa Sojira #4	-	25,908
Grass Planting (SNV)	-	24,129
Meeting Room	-	1,350
Supplies (SNV)	-	1,043
Donated Services	<u>185,398</u>	<u>65,153</u>
Total	<u>\$ 718,382</u>	<u>\$ 613,142</u>