

09 0000 08:36

OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.

Financial Statements and Independent Auditor's Reports

As of and for the Year Ended December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 7-14-99

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.

Table of Contents
December 31, 1998

	<u>Page Number</u>
Independent Auditor's Report on the Financial Statements	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9
Schedule of Functional Expenses	10
Independent Auditor's Report on Compliance and on Internal Control Over Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors of
Washington Industrial Development Foundation, Inc.

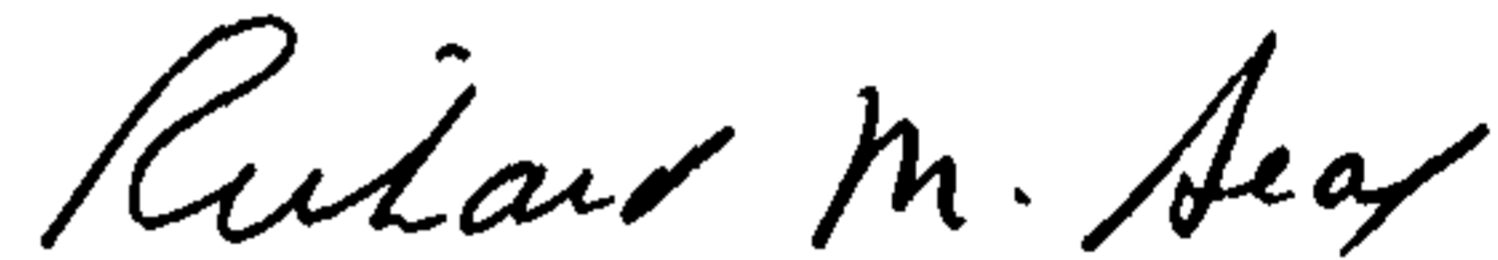
I have audited the accompanying statement of financial position of Washington Industrial Development Foundation, Inc., as of December 31, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Washington Industrial Development Foundation, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Industrial Development Foundation, Inc. as of December 31, 1998, 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*, I have also issued my report dated June 8, 1999 on my consideration of Washington Industrial Development Foundation, Inc.'s internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Washington Industrial Development Foundation, Inc., taken as a whole. The accompanying schedule of functional expenses is presented for the purpose of additional analysis and is 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 my opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Richard M. Seay". The signature is written in a cursive style with a large initial 'R'.

Certified Public Accountant

Bogalusa, Louisiana
June 8, 1999

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 1998

ASSETS

Current assets:		
Cash in banks	\$ 251,057	
Dues receivable	<u>7,605</u>	
Total current assets		\$ 258,662
Land, buildings and equipment	157,165	
Less accumulated depreciation	<u>(44,227)</u>	
Net land, buildings and equipment		<u>112,938</u>
Total Assets		<u>\$ 371,600</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 440	
Accrued payroll	807	
Payroll taxes payable	<u>1,183</u>	
Total current liabilities		\$ 2,430
Net assets:		
Unrestricted	<u>369,170</u>	
Total net assets		<u>369,170</u>
Total Liabilities and Net Assets		<u>\$ 371,600</u>

The accompanying notes are an integral part of this statement.

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the year ended December 31, 1998

Changes in unrestricted net assets:

Revenue and support:

Membership dues	\$ 29,056	
Business/economic development fee	38,000	
Fund raising	27,946	
Contract fee	3,741	
Art Show grant	3,554	
Interest income	12,553	
Rent income, net of \$1,765 depreciation expense	3,285	
Donated services	2,000	
Annual meeting	795	
Miscellaneous	<u>3,251</u>	
Total unrestricted revenue and support		\$ 124,181

Expenses:

Program services:

Industrial development	<u>57,668</u>	
Total program services expense		57,668

Support services:

General administration	25,195	
Fund raising	<u>19,730</u>	
Total support services		<u>44,925</u>

Total expenses		<u>102,593</u>
----------------	--	----------------

Increase in unrestricted net assets 21,588

Net assets at beginning of year 347,582

Net assets at end of year \$ 369,170

The accompanying notes are an integral part of this statement.

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 21,588	
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,858	
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	(4,646)	
Increase (decrease) in operating liabilities:		
Accounts payable	403	
Accrued payroll	241	
Payroll taxes payable	<u>103</u>	
Net cash provided by operating activities		\$ 23,547
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(2,745)</u>	
Net cash provided (used) by investing activities		<u>(2,745)</u>
Net increase in cash		20,802
Cash at beginning of year		<u>230,255</u>
Cash at end of year		<u>\$ 251,057</u>

There was no interest paid in 1998.

The accompanying notes are an integral part of this statement.

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

INTRODUCTION

Washington Industrial Development Foundation, Inc. (WIDF) was incorporated May 6, 1981 under the provisions of Louisiana Revised Statutes 1950, Title 12, Chapter 2, as amended, and is governed by the provisions of its articles of incorporation and its by-laws. The primary goal of Washington Industrial Development Foundation, Inc. is to facilitate an intensive program of economic and industrial development in an effort to create a significant number of new job opportunities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of WIDF have been prepared on the accrual basis.

B. Financial Statement Presentation

The financial statements 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, Washington Industrial Development Foundation, Inc. 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. However, Washington Industrial Development Foundation, Inc. has not received any restricted contributions and; therefore, record all revenues as unrestricted.

C. Equipment and Improvements

The Foundation capitalizes all expenditures for equipment in excess of \$500. Equipment and improvements are recorded at cost or at estimated fair value at date of gift, if donated. Depreciation is provided over the estimated useful lives of equipment and improvements on a straight-line basis.

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements (continued)

D. Donated Services

The value of certain donated services is reflected as revenue in the accompanying financial statements at their fair market value on the date of gift. A substantial number of volunteers have donated significant amounts of their time; however, no amounts have been reflected in the statements for volunteer services since no objective basis is available to measure the value of these services.

E. Revenue Recognition

Membership dues are recorded as revenue in the applicable membership period.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

G. Income Taxes

The Internal Revenue Service has determined that WIDF meets the requirements of Sec. 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under Sec. 501(a) of the Code, and has not been classified as a private foundation. Accordingly, no provisions for income taxes have been made in the accompanying financial statements.

H. Compensated Absences

Employees earn two to four weeks vacation leave based on length of employment and one week sick leave each year. Vacation time not taken within a year can be carried over to the next year but is limited to no more than one week. The cost of leave privileges is recognized as a current-year expenditure when leave is actually taken. The liability for compensated absences at December 31, 1998 is not reflected in the accompanying financial statements; however, the amount is not material.

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements (continued)

NOTE 2 - LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment follows:

Land - Office	\$ 22,500
Land - Avenue F	10,000
Building - Office	56,706
Building - Avenue F	51,246
Equipment	<u>16,713</u>
	157,165
Less accumulated depreciation	<u>(44,227)</u>
Net land, buildings and equipment	<u>\$112,938</u>

NOTE 3 - CREDIT RISK

Statement of Financial Accounting Standards No. 105, *Disclosure of Information about Financial Instruments with Off-balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, requires certain disclosures about credit risk. Credit risk exists when bank deposits in one bank exceed the amount of FDIC insurance. WIDF had such a credit risk at December 31, 1998 as follows:

Cash in Hibernia National Bank	\$ 226,933
FDIC insurance	<u>100,000</u>
Amount of credit risk	<u>\$ 126,933</u>

NOTE 4 - BUSINESS/ECONOMIC DEVELOPMENT FEE

Effective January 1, 1997 WIDF entered into a "cooperative endeavor agreement" with the City of Bogalusa to provide certain business and economic development services to the City for a fee of \$38,000 per year. The agreement will continue until terminated in writing by either party.

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements (continued)

NOTE 5 - CONTRACT FEE

On May 2, 1997, WIDF entered into a workforce development and training contract with the Louisiana Economic Development Corporation and Gaylord Container Corporation. WIDF's role is that of a monitor for the training program. The program's ultimate goal is for Gaylord to hire 46 additional persons (new hires/existing employees) who have successfully completed the comprehensive training performance objectives. The contract ends on July 1, 2000, and WIDF receives a flat fee of \$9,974 over the term of the contract.

NOTE 6 - RELATED PARTIES

The Executive Director of WIDF, Jason Smith, is the son of the WIDF President, Kenneth Smith.

The Treasurer of WIDF, Charlie Talbert, is also employed part-time by WIDF as General Manager.

NOTE 7 - YEAR 2000 DISCLOSURE

WIDF uses microchip technology in its two computers, one is used for industrial development, and the other is used for the monthly newsletter. They think they are Year 2000 compliant, but are not sure. Even if they are not, replacement of the two computers would not be a major expenditure, and they don't think there would be a reduction in the level of services provided.

WASHINGTON INDUSTRIAL DEVELOPMENT FOUNDATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended December 31, 1998

<u>Item of Expense</u>	<u>Program Service</u>		<u>Support Services</u>		<u>Total Expenses</u>
	<u>Industrial Development</u>	<u>General Administration</u>	<u>Fund Raising</u>	<u>Total Support</u>	
Salaries and payroll taxes	\$ 35,612	\$ 11,025	\$ 8,331	\$ 19,356	\$ 54,968
Employee benefits	2,004	617	462	1,079	3,083
Fund raising costs			10,437	10,437	10,437
Depreciation	2,046	2,047		2,047	4,093
Utilities	1,191	1,191		1,191	2,382
Office	918	918		918	1,836
Miscellaneous	6,589	1,255		1,255	7,844
Legal and professional		6,170		6,170	6,170
Insurance	675	675	500	1,175	1,850
Travel and entertainment	1,869			506	1,869
Telephone	2,023	506		791	2,529
Repairs and maintenance	791	791			1,582
Lobbying expense	3,000				3,000
Continuing education	<u>950</u>				<u>950</u>
Total	<u>\$ 57,668</u>	<u>\$ 25,195</u>	<u>\$ 19,730</u>	<u>\$ 44,925</u>	<u>\$102,593</u>

See accompanying auditor's report.

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Washington Industrial Development Foundation, Inc.

I have audited the financial statements of Washington Industrial Development Foundation, Inc. as of and for the year ended December 31, 1998, and have issued my report thereon dated June 8, 1999. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether Washington Industrial Development Foundation, Inc.'s financial statements are free of material misstatement, I 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Washington Industrial Development Foundation, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over

financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Finance Committee, management, and others within Washington Industrial Development Foundation, Inc., and the office of the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Richard M. Acay". The signature is written in a cursive, flowing style.

Certified Public Accountant

Bogalusa, Louisiana
June 8, 1999