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SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Financial Reports

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

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Financial Reports

December 31, 1998

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A PROFESSIONAL CORPORATION

CLAUDE E. BERGERON, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Louisiana Economic Council, Inc.
Thibodaux, Louisiana

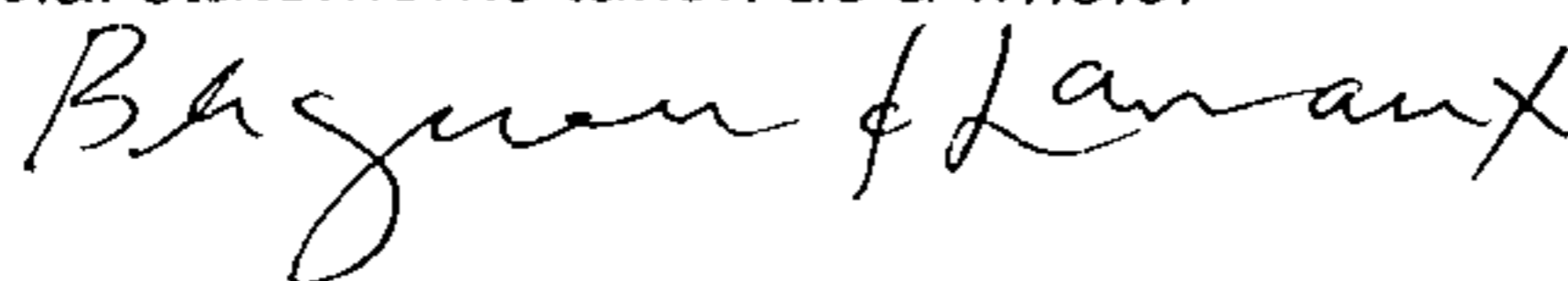
We have audited the accompanying statement of financial position of South Louisiana Economic Council, Inc. (a non-profit organization) as of December 31, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's 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 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 South Louisiana Economic Council, Inc. as of December 31, 1998, and the results of their operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 8, 1999 on our consideration of South Louisiana Economic Council, Inc.'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 South Louisiana Economic Council, Inc. taken as a whole. The accompanying supplementary schedule of expenses presented in Schedule 1 is presented for purposes 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



June 8, 1999

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Statement of Financial Position

December 31, 1998

ASSETS

Current assets:

Cash	\$	125,654	
Grant and contract receivables		27,405	
Prepaid auto lease		8,848	
Total current assets		161,907	\$ 161,907

Property and equipment:

Office furniture and equipment		80,352	
Leasehold improvements		1,700	
Total property and equipment		82,052	
Less accumulated depreciation		(57,002)	
Property and equipment, net		25,050	25,050

Other assets:

Prepaid printing		3,750	
Deposits		606	
Total other assets		4,356	4,356

Total assets		191,313	\$ 191,313
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts and payroll taxes payable	\$	32,430	
Total current liabilities		32,430	\$ 32,430

Unrestricted net assets:

Unrestricted net assets		158,883	
Total net assets		158,883	158,883

Total liabilities and net assets		191,313	\$ 191,313
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SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Statement of Activities

Year Ended December 31, 1998

Unrestricted support and revenues:

Governmental grants	\$	305,250	
Private donations		97,800	
Seminar and conference sponsorship revenues		4,965	
Use of contributed facility		9,100	
Monitoring fees		11,156	
Contributions		2,025	
Total unrestricted support and revenues			\$ 430,296

Expenses and losses:

Economic development expenses		234,444	
General and administrative expenses		121,277	
Loss on disposal of assets		21	
Total expenses and losses			355,742

Increase in unrestricted net assets 74,554

Unrestricted net assets:

Beginning of year			<u>84,329</u>
End of year			<u>\$ 158,883</u>

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Statement of Cash Flows

Year Ended December 31, 1998

Cash flows from operating activities:	
Increase in unrestricted net assets	\$ 74,554
Noncash adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	13,718
Loss on disposal of asset	21
Increase (decrease) in operating assets and liabilities:	
Increase in grants and contracts receivable	(27,405)
Decrease in prepaid auto lease	8,848
Decrease in miscellaneous receivable	190
Increase in accounts and payroll taxes payable	<u>28,671</u>
Net cash flows from operating activities	<u>98,597</u>
Cash flows from investing activities:	
Purchase of furniture and building renovations	<u>(14,337)</u>
Net cash flows from investing activities	<u>(14,337)</u>
Net increase (decrease) in cash	84,260
Cash at beginning of year	<u>41,394</u>
Cash at end of year	<u><u>\$ 125,654</u></u>

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

1) Nature of Activities

The South Louisiana Economic Council, Inc. (the Council), a non-profit corporation, was organized on March 16, 1984, to encourage economic development in the four parish area of Assumption, Lafourche, St. Mary, and Terrebonne. The objective of the Council is to spur economic growth by encouraging existing local industry to expand and to entice industry from out-of-state to locate in the region. The Council also acts as coordinator for various economic and workforce development activities and programs in the four-parish area. The Council is supported primarily through unrestricted grants from the local governments within the four-parish area it serves, grants from the State Government of Louisiana and by unrestricted support received from local private industry. Governmental grants comprised approximately 71% of total unrestricted revenue and support for the year ended December 31, 1998.

2) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies:

- a) Basis of Accounting. The Council uses the accrual basis of accounting for revenues and expenses.
- b) Property and Equipment. Property and equipment are recorded at historical cost and are depreciated on straight-line and accelerated methods over their estimated useful lives as follows:

Office equipment	3-7 years
Leasehold improvements	10 years
Vehicles	5 years

Expenditures for renewals and betterments are capitalized and expenditures for ordinary maintenance and repairs are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold, if any, are removed from the respective accounts and gains or losses thereon are included in operations. Depreciation expense for the year ended December 31, 1998 totaled \$13,718.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

- c) Accumulated Vacation and Sick Leave. Vacation and sick leave do not carryover to future years. Vacation and sick leave earned and available are insignificant to the financial statements.
- d) Advertising Costs. Advertising costs are charged to operations when incurred, except for direct-response advertising. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There were no direct-response advertising costs incurred during the year. Advertising costs incurred and charged to operations was \$6,781 for the year ended December 31, 1998.
- e) Income Taxes. The Council is a non-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provisions for income taxes have been made in the financial statements.
- f) Cash and Cash Equivalents. For purposes of the statement of cash flows, short-term investments having original maturities of three months or less when purchased are considered to be cash equivalents. The Council did not have any cash equivalents at December 31, 1998.
- g) Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- h) Accounting for Contributions Received. The Council follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 11, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor or grantor restrictions. During 1998, the Council did not receive any restricted contributions.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

- i) Financial Statement Presentation. The Council follows the guidance of SFAS No. 117, "Financial Statements on Not-for-Profit Organizations." Under SFAS No. 117, the Council is required to report information regarding its activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 1998 the Council had no temporarily restricted net assets or permanently restricted net assets.

3) Concentration of Credit Risk

The Council maintains bank accounts at one bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 1998, amounts on deposit at the bank exceeded FDIC insurance by approximately \$25,000.

4) Funding

The Council receives funding primarily through grants and contracts from local governments and corporations, and from governmental and corporate sponsorships for economic development and training seminars hosted by the the Council.

Governmental grants were received from the following sources during the year:

State of Louisiana, Department of Labor	\$	150,000
State of Louisiana, Regional Initiatives Program		75,000
State of Louisiana, School-to-Work Program		30,250
Lafourche Parish		25,000
St. Mary Parish		25,000
	\$	<u>305,250</u>

The grants received from the Louisiana Department of Labor and the Louisiana Regional Initiatives Program during 1998 were one-time grants. Receipt of the Regional Initiatives Program grant is contingent on the Council providing the grantor with a series of reports. The remainder of the Regional Initiatives Program grant was received during 1999 after the final phase of reporting was completed.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

5) Allocation of Expenses

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

6) Monitoring Fees

The Council, acting as a monitoring entity, is participating in the Louisiana Workforce Development and Training Program sponsored by the Louisiana Department of Economic Development. Under the Louisiana Administrative Code, Title 19, Part VII, Subpart 7, Section 8109, the Council is allowed to charge fees in exchange for monitoring the process of training and processing of invoices. The fee is composed of actual time spent, labor by Council employees and an overhead rate of twenty-five percent of labor for general and administrative expenses. Monitoring fees collected during the year ended December 31, 1998 were \$11,156.

7) Deferred Compensation Plans

Employees of the Council have the option to participate in a deferred compensation program as defined by Internal Revenue Code Section 403 (b) (tax sheltered annuities). The Council has the responsibility for withholding and remitting contributions from participants to the plan. There is no (zero) matching contribution requirement for the Council. An insurance company serves as administrator and has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specifications and reporting annually to the participant and the Company on the status of the plan.

8) Contributed Facility

The Council received an in-kind contribution, estimated by management to amount to approximately \$9,100 annually, for office space rentals during the year from Nicholls State University at no cost to the Council. The estimated fair value of this facility is reported as unrestricted support and expense in the period in which the facility was used.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

9) Supplemental Disclosures of Cash Flow Information

The Council paid no interest expense or income taxes for the year ended December 31, 1998.

10) Leased Vehicle

The Council leased a vehicle under a non-cancelable two year operating lease on December 23, 1997. The Council paid 100% of the cost of the lease in advance. The portion of lease cost related to the current year is charged to operations, and the portion of the lease cost applicable to future periods is included on the balance sheet.

11) Prepaid Printing

During the year ended December 31, 1996, the Council purchased prepaid specialized printing services from the South Central Planning Commission. As services are rendered to the Council the prepaid amount is credited. The original amount of the contract was \$5,000, the balance at December 31, 1998 is \$3,750. None of the prepaid printing services were used during the year ended December 31, 1998.

12) Economic Dependence

The Council receives a substantial portion of its funding from a limited number of sources. Should one or more of these sources withdraw funding, the Council would not be able to sustain operations as it is presently structured.

13) Related Party

The Council entered into an agreement to provide administrative, secretarial, support, and payroll services, to the LA 1 Emergency Coalition, a not for profit entity whose mission is to improve the condition of Louisiana Highway 1 in lower Lafourche Parish to Port Fourchon, which is an issue management believes is related to the economic success and viability of the region. The Council is reimbursed for salaries and related payroll taxes after each pay period. The Council also received \$5,000 as compensation for unreimbursed time and expenses during the year ended December 31, 1998.

SUPPLEMENTARY INFORMATION SECTION

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Schedule of Expenses

Year Ended December 31, 1998

	<u>Economic Development</u>	<u>General and Administrative</u>	<u>Total</u>
Automobile expenses	\$ 10,095	\$ 126	\$ 10,221
Bank charges	-	134	134
Depreciation	10,773	2,945	13,718
Dues and subscriptions	3,443	669	4,112
Insurance	-	18,233	18,233
Meeting expense	12,482	433	12,915
Miscellaneous	980	-	980
Office expense	-	14,244	14,244
Penalties	-	282	282
Personnel services	77,028	71,170	148,198
Postage	776	2,047	2,823
Printing	51	1,057	1,108
Professional fees	78,057	684	78,741
Rent expense for contributed facility	4,914	4,186	9,100
Seminar/conference sponsorship	1,151	-	1,151
Telecast production and advertising	5,318	1,463	6,781
Telephone	4,262	2,862	7,124
Training programs	1,632	-	1,632
Travel	23,482	742	24,224
	<u>23,482</u>	<u>742</u>	<u>24,224</u>
Total expenses	<u>\$ 234,444</u>	<u>\$ 121,277</u>	<u>\$ 355,721</u>

SUPPLEMENTARY FINANCIAL REPORTS

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CLAUDE E. BERGERON, CPA
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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
South Louisiana Economic Council, Inc.
Thibodaux, Louisiana

We have audited the financial statements of South Louisiana Economic Council, Inc. (a non-profit organization) as of and for the year ended December 31, 1998, and have issued our report thereon dated June 8, 1999. 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.

Compliance

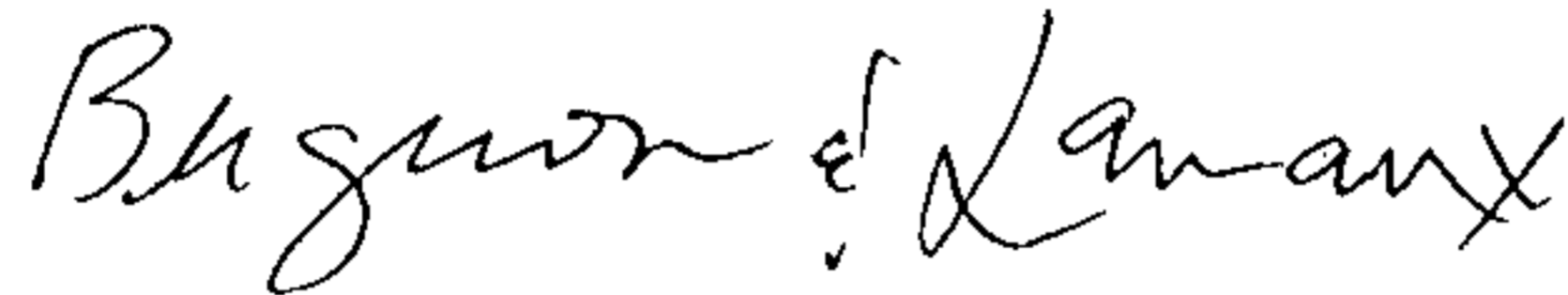
As part of obtaining reasonable assurance about whether South Louisiana Economic Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement 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 South Louisiana Economic Council, Inc.'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.

This report is intended for the information of the Board of Directors, management and regulatory agencies and it is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in cursive script, reading "Buzon & Lamanx". The signature is written in black ink and is positioned to the right of the date.

June 8, 1999

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 1998

We have audited the financial statements of South Louisiana Economic Council, Inc. as of and for the year ended December 31, 1998, and have issued our report thereon dated June 8, 1999. 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. Our audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion. We did not issue a separate management letter as a result of this engagement.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness _____ Yes XX No

Reportable Conditions _____ Yes XX No

Compliance:

Compliance Material to Financial Statements _____ Yes XX No

b. Federal Awards - Not applicable, there were none.

c. Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Not applicable	

Section II Financial Statement Findings

There were none noted.

Section III Federal Award Findings and Questioned Costs

Not Applicable.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1998

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

There were none noted for the year ended December 31, 1997.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended December 31, 1997.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1998

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

No findings were reported which require a response from management.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

No management letter was issued.