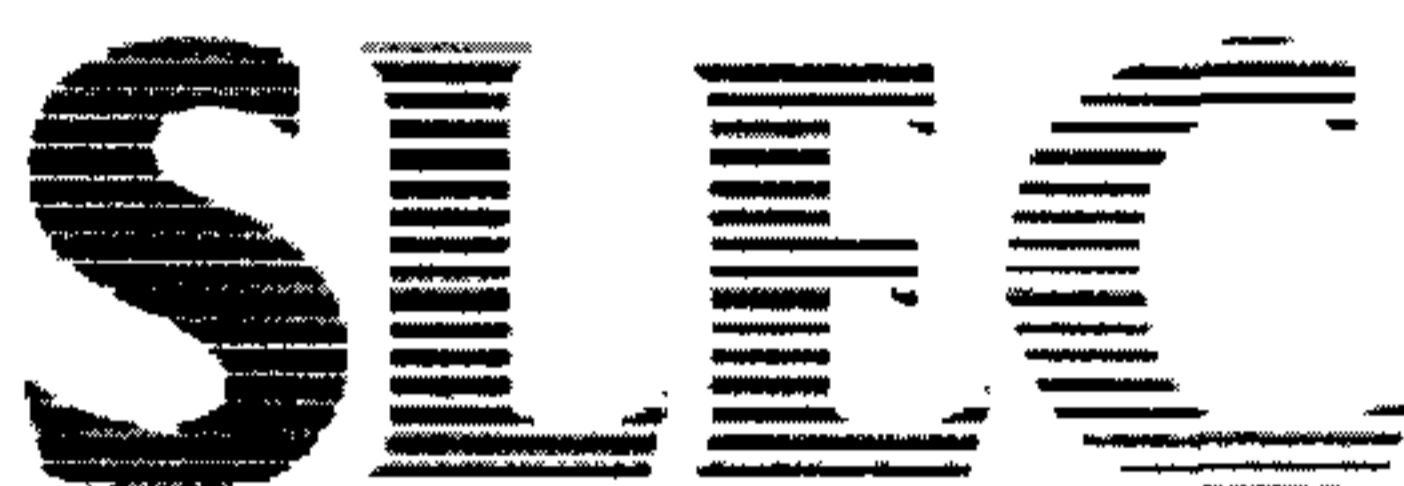


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**South Louisiana Economic Council**  
Assumption • Lafourche • St. Mary • Terrebonne

Financial Reports

December 31, 2003

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

Release Date 8-11-04

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.  
Financial Reports  
December 31, 2003

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# Bergeron & Lanoux

— CERTIFIED PUBLIC ACCOUNTANTS —  
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA  
MICHAEL D. BERGERON, CPA  
MARK S. FELGER, CPA

CLAUDE E. BERGERON, CPA  
(RETIRED)

## 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, 2003, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2003, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated May 11, 2004 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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.

May 11, 2004

*Bergeron & Lanoux*

**SOUTH LOUISIANA ECONOMIC COUNCIL, INC.**

Statement of Financial Position

December 31, 2003

**ASSETS**

Current assets:

Cash	\$ 87,049	
Grant and contract receivables	48,868	
Prepaid auto lease	9,774	
Prepaid insurance	303	
Due from LA 1 Coalition	10,166	
Due from Restore or Retreat	616	
Total current assets	\$ 156,776	

Property and equipment:

Office furniture and equipment	91,533	
Less accumulated depreciation	(69,273)	
Property and equipment, net	22,260	

Other assets:

Prepaid auto lease	8,706	
Prepaid printing	3,750	
Deposits	606	
Total other assets	13,062	
Total assets	\$ 192,098	

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ 71,501	
Refundable advances	1,195	
Other accrued liabilities	8,377	
Total current liabilities	\$ 81,073	
Total liabilities	81,073	

Net assets:

Unrestricted net assets	111,025	
Total net assets	111,025	
Total liabilities and net assets	\$ 192,098	

**SOUTH LOUISIANA ECONOMIC COUNCIL, INC.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2003**

Unrestricted support and revenues:		
Governmental grants and contracts	\$ 665,293	
Private donations	71,000	
Seminar and conference sponsorship revenues	13,304	
Use of contributed facility	9,100	
Interest income	1,470	
Total unrestricted support and revenues	\$ 760,167	
Expenses and losses:		
Economic development expenses	657,984	
General and administrative expenses	185,231	
Loss on disposal of assets	116	
Total expenses and losses	843,331	
Increase (decrease) in unrestricted net assets		(83,164)
Unrestricted net assets:		
Beginning of year		194,189
Unrestricted net assets at end of year		\$ 111,025

**SOUTH LOUISIANA ECONOMIC COUNCIL, INC.**

Statement of Cash Flows  
Year Ended December 31, 2003

Cash flows from operating activities:	
Decrease in unrestricted net assets	\$ (83,164)
Noncash adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	13,405
Loss on disposal of fixed assets	116
Net changes in operating assets and liabilities:	
Increase in grants and contracts receivable	(30,365)
Increase in other current assets	(10,782)
Increase in prepaid auto lease	(9,516)
Increase in accounts payable	57,076
Increase in other accrued liabilities	<u>3,794</u>
Net cash flows from operating activities	<u>(59,436)</u>
Cash flows from investing activities:	
Purchase of furniture and building renovations	<u>(8,894)</u>
Net cash flows from investing activities	<u>(8,894)</u>
Net increase (decrease) in cash	(68,330)
Cash at beginning of year	<u>155,379</u>
Cash at end of year	<u><u>\$ 87,049</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 and facilitating 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 88% of total unrestricted revenue and support for the year ended December 31, 2003.

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 the straight-line method over their estimated useful lives as follows:

Office equipment	3-7 years
Leasehold improvements	10 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, 2003 totaled \$13,405.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

- c) Accumulated Vacation and Sick Leave. Vacation does not carryover to future years, but sick leave does carryover. All full time employees earn one day of sick leave per month worked which may be accumulated and carried forward from year to year up to a maximum of 240 hours or 30 days. Accumulated sick leave is not payable to employees upon termination and is therefore not accrued.
- 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 \$20,284 for the year ended December 31, 2003.
- 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. The Council does not participate in activities that produce unrelated business taxable income. 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, 2003.
- 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. 116, "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 2003, 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, 2003 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, 2003, amounts on deposit at the bank exceeded FDIC insurance by approximately \$8,700.

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 Council.

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

State of Louisiana, Department of Economic Development	\$	585,760
State of Louisiana, Youth Alternative to Jail for Work Services		24,033
Lafourche Parish		5,500
St. Mary Parish		25,000
Terrebonne Parish		25,000
	\$	<u>665,293</u>

During the year ended December 31, 2003, the Council entered into a cooperative endeavor (contract) with the Louisiana Department of Economic Development (LED). Pursuant to this contract the Council is to provide services to initiate planning for the establishment of an Advanced Technology Center for the Nicholls State University campus in Thibodaux, Louisiana. The contract calls for payments to be made to the Council on a cost reimbursement basis. During the year ended December 31, 2003, the Council earned and expended \$394,213 related to this contract, representing approximately 52% of the Council's revenues and 47% of its expenses.

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) 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.

7) 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.

8) Supplemental Disclosures of Cash Flow Information

The Council paid no interest expense or income taxes for the year ended December 31, 2003.

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

Notes to Financial Statements

9) Leased Vehicle

The Council leased a vehicle under a non-cancelable two year operating lease on November 20, 2003. 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 as a prepaid auto lease.

10) 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 and the balance at December 31, 2003 is \$3,750. None of the prepaid printing services were used during the year ended December 31, 2003.

11) 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.

12) Related Parties

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 un-reimbursed time and expenses during the year ended December 31, 2003. The Council also entered into an agreement to provide administrative, secretarial, support, and payroll services, to Restore or Retreat, Incorporated, a not for profit entity whose mission is to engage in solutions to achieve comprehensive coastal restoration of the Barataria and Terrebonne estuaries, which is an issue management believes is related

## SOUTH LOUISIANA ECONOMIC COUNCIL, INC.

### Notes to Financial Statements

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 un-reimbursed time and expenses during the year ended December 31, 2003.

During the year ended December 31, 2003 the Council entered into a contract with a company owned by one of its board members. Under the terms of this contract, this entity will provided the Council with civil engineering services, site selection and an evaluation and concept master plan that will meet the Council's and Nicholls State University's vision for development of the Advanced Technology Center as a regional complex supporting business and industrial needs. The contract total is \$196,100. During the year ended December 31, 2003, the council paid \$85,428 for services rendered under the contract. Additionally, \$21,958 is included in accounts payable related to this contract at December 31, 2003.

During the year ended December 31, 2003 the Council entered into a contract with the secretary-treasurer of the board. Under the terms of the contract, this individual will provide operational and administrative advice to the Council. Payment for these services is \$2,500 per month. During the year ended December 31, 2003, the council paid \$7,500 for services rendered under the contract. Additionally, \$15,000 is included in accounts payable related to this contract at December 31, 2003.

**SUPPLEMENTARY INFORMATION SECTION**

**SOUTH LOUISIANA ECONOMIC COUNCIL, INC.**Schedule of Expenses  
Year Ended December 31, 2003

	<u>Economic Development</u>	<u>General and Administrative</u>	<u>Total</u>
Automobile expenses	\$ 8,531	\$ -	\$ 8,531
Bank charges	-	181	181
Consultant fees	418,149	-	418,149
Depreciation	7,423	5,982	13,405
Donations	5,500	5,275	10,775
Dues and subscriptions	501	14,227	14,728
Insurance	150	28,514	28,664
Meeting expense	18,190	292	18,482
Miscellaneous	45	6,119	6,164
Office expense	-	12,969	12,969
Payroll taxes	5,337	7,051	12,388
Postage	-	2,558	2,558
Printing	667	446	1,113
Professional fees	-	5,110	5,110
Rent expense for contributed facility	4,914	4,186	9,100
Salaries	69,976	88,652	158,628
Telecast production and advertising	20,284	-	20,284
Telephone	2,018	3,412	5,430
Training programs	51,500	-	51,500
Travel	44,799	257	45,056
	<u>\$ 657,984</u>	<u>\$ 185,231</u>	<u>\$ 843,215</u>
Total expenses	<u>\$ 657,984</u>	<u>\$ 185,231</u>	<u>\$ 843,215</u>

See notes to financial statements.

**SUPPLEMENTARY FINANCIAL REPORTS**

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CLAUDE E. BERGERON, CPA  
(RETIRED)

## 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, 2003, and have issued our report thereon dated May 11, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### 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, Legislative Auditor and regulatory agencies and it is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bryson & Laramy*

May 11, 2004

SOUTH LOUISIANA ECONOMIC COUNCIL, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended December 31, 2003

We have audited the financial statements of South Louisiana Economic Council, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated May 11, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

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

Internal Control:

Material Weakness  Yes  No

Reportable Conditions  Yes  No

Compliance:

Compliance Material to Financial Statements  Yes  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, 2003

Ref. No.	Initially Occurred	Description of Finding	Action Taken	Partial Corrective Action Taken
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**Section I – Internal Control and Compliance Material to the Financial Statements**

There were none for the year ended December 31, 2002.

**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, 2002.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE STATE  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
THE PROGRAM-SPECIFIC AUDIT OPTION UNDER TITLE 34, PART V, OF THE  
LOUISIANA ADMINISTRATIVE CODE

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

We have audited the financial statements of the South Louisiana Economic Council, Inc. (a non-profit organization) for the year ended December 31, 2003, and have issued our report thereon dated May 11, 2004. Our examination was made in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the U.S. General Accounting Office, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the South Louisiana Economic Council, Inc., is responsible for the organization's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records from the state contract, numbers 252-300151, 252-03127, L046, 252-400216, and 252-03042. The purpose of our testing of transactions and records from that contract was to obtain reasonable assurance that the South Louisiana Economic Council, Inc. had, in all material respects, administered the contract in compliance with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of contract expenditures.

In our opinion for the year ended December 31, 2003, the South Louisiana Economic Council, Inc. administered the state contract numbers 252-300151, 252-03127, L046, 252-400216, and 252-03042 in compliance, in all material respects, with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of contract expenditures.

*Bergeron & Lanaux*

May 11, 2004