

9532

RECEIVED  
LEGISLATIVE AUDITOR  
04 JUL -1 AM 11:58

**LAKE PONTCHARTRAIN  
BASIN FOUNDATION**

**FINANCIAL REPORT**

**December 31, 2003 and 2002**

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 9.1.04

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1
<b>FINANCIAL SECTION</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7
<b>SUPPLEMENTARY INFORMATION</b>	
Schedules of Functional Expenses:	
Schedule I - Environmental Education Expenses .....	13
Schedule II - Scientific and Field Research Expenses .....	15
Schedule III - Fund Raising Expenses .....	16
Schedule IV - Management and General Expenses .....	17
Schedule V - Membership Promotion Expenses .....	18
Schedule VI - Budget to Actual Comparison .....	19
<b>SINGLE AUDIT SECTION</b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	20
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	22
Schedule of Expenditures of Federal Awards .....	24
Notes to the Schedule of Expenditures of Federal Awards .....	25
Schedule of Findings and Questioned Costs .....	26

**TABLE OF CONTENTS (CONTINUED)**

Page

**SINGLE AUDIT SECTION (CONTINUED)**

Summary Schedule of Prior Audit Findings .....	28
Corrective Action Plan .....	29

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009  
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Lake Pontchartrain Basin Foundation (the "Foundation") (a nonprofit organization) as of December 31, 2003 and 2002, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 the 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 the Foundation as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years 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 our report dated May 7, 2004, on our consideration of the Foundation's internal control over financial reporting and on 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 the Foundation taken as a whole. The Schedules of Functional Expenses and other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements of the Foundation. The accompanying Schedule of

Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Foundation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Rebowe & Company*

May 7, 2004

## **FINANCIAL SECTION**

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2003 and 2002**

<b>ASSETS</b>		
	<u>2003</u>	<u>2002</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 381,919	\$ 427,168
Restricted cash for program expenditures	3,475	3,681
Investments	348,888	324,649
Grant receivable	163,093	219,369
Accrued interest/dividend receivable	456	8,745
Prepaid insurance	<u>6,832</u>	<u>7,179</u>
Total Current Assets	<u>904,663</u>	<u>990,791</u>
<b>OTHER ASSETS</b>		
Office furniture and equipment, net	80,470	65,722
Deposits	<u>971</u>	<u>971</u>
Total Other Assets	<u>81,441</u>	<u>66,693</u>
Total Assets	<u><u>\$ 986,104</u></u>	<u><u>\$ 1,057,484</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 26,184	\$ 218,095
Other liabilities	<u>7,294</u>	<u>7,159</u>
Total Liabilities	<u>33,478</u>	<u>225,254</u>
<b>NET ASSETS</b>		
Unrestricted	950,126	821,829
Temporarily restricted	-	7,901
Permanently restricted	<u>2,500</u>	<u>2,500</u>
Total Net Assets	<u>952,626</u>	<u>832,230</u>
Total Liabilities and Net Assets	<u><u>\$ 986,104</u></u>	<u><u>\$ 1,057,484</u></u>

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2003**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Donations	\$ 44,234	\$ -	\$ -	\$ 44,234
Donated services	23,619	-	-	23,619
Donated use of office space	19,318	-	-	19,318
Fund raising events	239,238	-	-	239,238
Grants:				
EPA - Empact	-	6,258	-	6,258
EPA - Johnston Basin Clean-up 2	-	2,241	-	2,241
EPA - Northshore Wastewater Treatment	-	103,308	-	103,308
EPA - Pontchartrain	-	312,279	-	312,279
PRP - UNO Grant	-	463,038	-	463,038
Other - Restricted	-	126,305	-	126,305
Investment income	22,227	-	-	22,227
Membership sales	21,220	-	-	21,220
Merchandise sales	325	-	-	325
	<u>370,181</u>	<u>1,013,429</u>	<u>-</u>	<u>1,383,610</u>
Net assets released from restrictions	<u>1,021,330</u>	<u>(1,021,330)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>1,391,511</u>	<u>(7,901)</u>	<u>-</u>	<u>1,383,610</u>
<b>EXPENSES</b>				
Program Services:				
Environmental education	419,337	-	-	419,337
Scientific and field research	440,881	-	-	440,881
Total Program Services	<u>860,218</u>	<u>-</u>	<u>-</u>	<u>860,218</u>
Supporting Services:				
Fund raising	143,693	-	-	143,693
Management and general	258,043	-	-	258,043
Membership promotion	1,260	-	-	1,260
Total Supporting Services	<u>402,996</u>	<u>-</u>	<u>-</u>	<u>402,996</u>
Total Expenses	<u>1,263,214</u>	<u>-</u>	<u>-</u>	<u>1,263,214</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	128,297	(7,901)	-	120,396
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>821,829</u>	<u>7,901</u>	<u>2,500</u>	<u>832,230</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 950,126</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 952,626</u>

See accompanying notes to the financial statements.



**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2002**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Donations	\$ 27,592	\$ -	\$ -	\$ 27,592
Donated services	27,121	-	-	27,121
Donated use of office space	19,318	-	-	19,318
Fund raising events	253,644	-	-	253,644
Grants:				
EPA - Johnston Basin Clean-up	-	1,117	-	1,117
EPA - Empact	-	18,383	-	18,383
EPA - Johnston Basin Clean-up 2	-	541,259	-	541,259
EPA - Northshore Wastewater Treatment	-	105,640	-	105,640
EPA - Pontchartrain	-	92,462	-	92,462
PRP - UNO Grant	-	222,400	-	222,400
Other - Restricted	-	47,837	-	47,837
Investment income	16,430	-	-	16,430
Membership sales	26,430	-	-	26,430
Merchandise sales	225	-	-	225
	<u>370,760</u>	<u>1,029,098</u>	<u>-</u>	<u>1,399,858</u>
Net assets released from restrictions	<u>1,063,563</u>	<u>(1,063,563)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,434,323</u>	<u>(34,465)</u>	<u>-</u>	<u>1,399,858</u>
<b>EXPENSES</b>				
Program Services:				
Environmental education	376,539	-	-	376,539
Scientific and field research	726,781	-	-	726,781
Total Program Services	<u>1,103,320</u>	<u>-</u>	<u>-</u>	<u>1,103,320</u>
Supporting Services:				
Fund raising	137,470	-	-	137,470
Management and general	317,716	-	-	317,716
Membership promotion	2,669	-	-	2,669
Total Supporting Services	<u>457,855</u>	<u>-</u>	<u>-</u>	<u>457,855</u>
Total Expenses	<u>1,561,175</u>	<u>-</u>	<u>-</u>	<u>1,561,175</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(126,852)	(34,465)	-	(161,317)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>948,681</u>	<u>42,366</u>	<u>2,500</u>	<u>993,547</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 821,829</u>	<u>\$ 7,901</u>	<u>\$ 2,500</u>	<u>\$ 832,230</u>

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2003 and 2002

	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 120,396	\$ (161,317)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	23,207	26,975
Unrealized gain on investments	(11,231)	(16,763)
Loss on sale of investments	8,233	20,628
Gain (loss) on disposal of office furniture and equipment	1,092	(1,816)
Decrease in accrued interest/dividend receivable	8,289	-
Decrease in prepaid expense	347	672
Decrease in grant receivable	56,276	723,012
Increase in accrued liabilities	135	7,159
Decrease in accounts payable	(191,911)	(578,676)
Net cash provided by operating activities	14,833	19,874
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(68,591)	(90,420)
Proceeds from sales of investments	47,350	28,705
Proceeds from sale of office furniture and equipment	-	4,504
Purchases of office furniture and equipment	(39,047)	(8,292)
Net cash used by investing activities	(60,288)	(65,503)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(45,455)	(45,629)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	430,849	476,478
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 385,394	\$ 430,849
<b>SHOWN ON THE ACCOMPANYING STATEMENT OF FINANCIAL POSITION AS:</b>		
Cash and cash equivalents	\$ 381,919	\$ 427,168
Restricted cash for program expenditures	3,475	3,681
	\$ 385,394	\$ 430,849
<b>SUPPLEMENTAL INFORMATION</b>		
Cash Paid During the Year for:		
Interest	\$ -	\$ -

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2003

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

**ORGANIZATION**

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

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

**BASIS OF ACCOUNTING**

The financial statements of the Foundation are prepared on the accrual basis of accounting.

**BASIS OF PRESENTATION**

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

**Permanently Restricted Net Assets** - Net assets that are subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation's programs.

**CASH EQUIVALENTS**

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2003

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

**CASH FLOW STATEMENT**

The Foundation had no non-cash financing and investing activities for the years ended December 31, 2003 and 2002.

**PUBLIC SUPPORT, REVENUE AND PLEDGES**

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

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

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

**OFFICE FURNITURE AND EQUIPMENT**

It is the Foundation's policy to capitalize office furniture and equipment over \$500. Lesser amounts are expensed. Purchased office furniture and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Office furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the furniture and equipment, which range from 3 to 10 years.

**FUNCTIONAL ALLOCATION OF EXPENSES**

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

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2003

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

**COMPENSATED ABSENCES**

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

**USE OF ESTIMATES**

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

**INVESTMENTS**

In 1996, the Foundation adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

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

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

The Foundation also receives various donated professional services, facilities, and materials, including the match portion of the federal grants, which are recorded in the accompanying financial statements as donated services because they enhance financial assets, require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Those considered most significant include donated professional services and free use of a portion of its office facilities, parking and utilities. During the years ended December 31, 2003 and 2002, the value of the professional services and rental value of the facilities, was \$42,937 and \$46,439, respectively. These amounts have been reflected in the accompanying financial statements as revenue and other support with a like amount included in supporting services as management and general expenses.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2003

**NOTE C - GRANT RECEIVABLE**

Grant receivable at December 31, 2003 is made up of the following:

EPA	<u>\$163,093</u>
-----	------------------

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

**NOTE D - OFFICE FURNITURE AND EQUIPMENT**

Office furniture and equipment consist of the following:

	<u>2003</u>	<u>2002</u>
Computer Equipment	\$ 54,219	\$ 54,211
Furniture and Fixtures	27,243	26,591
Boat and Other Program Equipment	<u>90,508</u>	<u>81,945</u>
	171,970	162,747
Accumulated Depreciation	<u>(91,500)</u>	<u>(97,025)</u>
	<u>\$ 80,470</u>	<u>\$ 65,722</u>

Depreciation expense for 2003 and 2002 was \$23,207 and \$26,975, respectively.

**NOTE E - RESTRICTED ASSETS**

EPA Grant

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

Lake Pontchartrain Basin Foundation Endowment Fund

Investments include \$2,500 which represents the permanently restricted portion of the endowment fund investment account which was established through the Greater New Orleans Foundation.

Save Our Lake Endowment

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

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2003

**NOTE E - RESTRICTED ASSETS (CONTINUED)**

Trust income for the purpose of investment in the Endowment Fund or may distribute the income to the Lake Pontchartrain Basin Foundation. At December 31, 1999, the Trust income and

**NOTE E - RESTRICTED ASSETS (CONTINUED)**

principal was shown as a transfer to the Save Our Lake Endowment since the Trust is maintained as a 501(c) (3) organization separate from the Foundation.

**NOTE F - LEASE COMMITMENT**

The Foundation leased a copier under an operating lease which expired September 30, 2003.

Rent expense was \$1,378 and \$3,156 for the years ended December 31, 2003 and 2002, respectively.

**NOTE G - PENSION PLAN**

Effective July 1, 1999, the Foundation adopted a 401(k) plan covering all employees who have completed a minimum of one year of service regardless of age. Plan participants may contribute to the plan, and the Foundation may make matching contributions of up to 5%. The Foundation's contributions to the plan were \$9,336 and \$10,567 for the years ended December 31, 2003 and 2002, respectively.

**NOTE H - INDIRECT COST**

The EPA grant revenue includes an indirect cost allocation. The amounts of indirect costs reimbursed included in revenue were \$13,694 and \$66,589 for the years ended December 31, 2003 and 2002, respectively.

**NOTE I - INVESTMENTS**

As required by SFAS No. 124, investments are recorded at fair value and consist of the following as of December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Stocks and Bonds	\$ 60,801	\$ 47,894
Mutual Funds	<u>288,087</u>	<u>276,755</u>
Total Investments	<u>\$348,888</u>	<u>\$324,649</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended December 31, 2003

**NOTE I - INVESTMENTS (CONTINUED)**

The following schedule summarizes the investment income and its classification in the Statement of Activities for the years ended December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Interest income	\$ 9,865	\$ 9,871
Dividend income	9,364	10,424
Realized loss	(8,233)	(20,628)
Unrealized gain	<u>11,231</u>	<u>16,763</u>
 Total Investment Income	 <u>\$ 22,227</u>	 <u>\$ 16,430</u>

All investment income was classified as unrestricted in the Statement of Activities.

**NOTE J - CONCENTRATION OF RISK**

The Foundation has a significant amount of revenue received from the Environmental Protection Agency (EPA). The majority of the Foundation's support is received from EPA grants. In 2003, 64% of the Foundation's total support and revenue was derived from EPA grants.

At December 31, 2003 and 2002, the Foundation had deposit accounts with account balances totaling \$158,206 and \$95,658, respectively, of which \$130,521 and \$95,658 was insured by the Federal Deposit Insurance Corporation.

**NOTE K - RECLASSIFICATIONS**

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.



**SUPPLEMENTARY INFORMATION**

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

**SCHEDULE I  
ENVIRONMENTAL EDUCATION EXPENSES  
For the Year Ended December 31, 2003**

PRA -LPBF- contractual services	52,690
PRA -RPC- contractual services	2,896
Program office coordinator	23,930
Program director	23,492
Executive director	18,417
DNR monitoring	24,265
Bayou Labranche	27,733
Environmental director	240
Program office manager	16,419
Rent	6,456
Director, project development	5,868
Water quality - (PRP - Proj. #2 WE 1)	8,476
Depreciation	4,641
Empact	5,632
Education intern	10,687
Program director	7,741
Administrative assistant	1,052
Other professional services	1,914
Telephone	12,353
Monsanto	2,078
Monsanto II	10,000
Business manager	1,907
Environmental coordinator	14,032
Sewerage assistant - (PRP - Proj. #2 WE 3)	10,956
Public access - (PRP- Proj. #2 WE 4)	5,284
Group insurance	3,056
Lagoon clean out - (PRP - Proj. #2 WE 2)	16,442
Newsletter	4,805
Van expenses/insurance	7,636
Payroll taxes	3,775
401(k) contribution	1,867
Auto mileage reimbursement	839
Outreach education - (PRP- Proj. #2 WE 4)	4,867
Pearl River	11,778
Miscellaneous	8,132
Sub-Total	362,356

(Continued)

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

**SCHEDULE I (CONTINUED)  
ENVIRONMENTAL EDUCATION EXPENSES  
For the Year Ended December 31, 2003**

Subtotal	\$ 362,356
Environmental issues	533
Reef projects	45,242
Brochure - ExxonMobile	2,443
Office supplies	827
Computer maintenance	981
Program office manager	390
Parking	436
Miscellaneous supplies	615
Insurance - general	102
Postage	437
General travel expense	864
General seminars and conferences	110
Workman's compensation insurance	435
Seminars and conference	132
Awards	113
Mandeville wetland education	111
Copier maintenance	350
Printing	241
Habitat - (PRP - Proj. #2 WE 4) HAB	2,456
Equipment supplies	<u>163</u>
Total	<u><u>\$ 419,337</u></u>

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

**SCHEDULE II  
SCIENTIFIC AND FIELD RESEARCH EXPENSES  
For the Year Ended December 31, 2003**

PRA -RPC- contractual services	\$11,582
Program director	23,492
Program office manager	16,419
Lagoon clean out - (PRP - Proj. #2 WE 2)	65,766
Executive director	18,417
Program office coordinator	10,256
Empact	626
Director, project development	5,868
Environmental director	240
Program intern	27,734
Public access - (PRP- Proj. #2 WE 4)	2,265
Outreach education - (PRP- Proj. #2 WE 4)	2,086
Rent	25,824
Depreciation	18,566
Payroll taxes	15,102
Sewerage assistant - (PRP - Proj. #2 WE 3)	43,825
Other professional services	7,654
Environmental coordinator	14,032
Group insurance	12,226
PRA -LPBF- Contractual Services	13,172
401(k) contribution	7,469
Automobile mileage reimbursement	3,358
Administrative assistant	1,052
Business manager	1,907
Miscellaneous	32,525
Office supplies	3,308
Computer maintenance	3,923
Habitat - (PRP - Proj. #2 WE 4)	1,052
Parking	1,743
Miscellaneous supplies	2,475
Insurance - general	407
General travel expense	3,456
Postage	1,749
Workman's compensation insurance	1,740
Water quality - (PRP - Proj. #2 WE 1)	33,904
Seminars and conferences	527
Airfare	2,122
Copier maintenance	1,399
Printing	963
Equipment supplies	650
Total	<u>\$ 440,881</u>

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

**SCHEDULE III  
FUND RAISING EXPENSES  
For the Year Ended December 31, 2003**

Back to the beach	\$ 102,053
Development assistant	10,690
Golf tournament	10,343
Fourth of July	6,669
South shore party	5,149
Rodeo	4,423
Printing	1,687
Payroll taxes	830
Postage	620
Seminars	426
Development consultant	237
Parking	210
Poster expense	183
Office professional services	121
Subscriptions	<u>52</u>
Total	<u><u>\$ 143,693</u></u>

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

**SCHEDULE IV  
MANAGEMENT AND GENERAL EXPENSES  
For the Year Ended December 31, 2003**

Event coordinator	\$ 44,179
Office manager	37,371
Executive director	28,429
Donated services	23,619
Donated use of office facilities	19,318
Environmental assistant	14,974
Rent	13,690
Group insurance	13,518
Environmental director	478
Administrative assistant	12,010
Payroll taxes	10,426
Telephone	6,966
401(k) contribution	5,878
Miscellaneous office supplies/expenses	2,819
Office supplies	2,548
Director insurance	2,297
Other professional services	2,240
Postage and federal express	2,103
Auditing	2,055
Auto mileage	1,912
Workman's compensation insurance	1,860
Parking	1,779
Computer maintenance	1,455
Copier maintenance	1,378
Bank charges	932
401(k) administrative	829
Equipment	592
Membership dues	430
Meeting room	345
Travel	289
Accounting	250
General counsel	250
Subscriptions and dues	247
Other compensation	244
Licenses and taxes	187
Staff educational resources	100
Resources and staff	46
	<hr/>
Total	<u>\$ 258,043</u>

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

**SCHEDULE V  
MEMBERSHIP PROMOTION EXPENSES  
For the Year Ended December 31, 2003**

Membership expenses	\$ 896
Printing and postage	<u>364</u>
Total	<u><u>\$ 1,260</u></u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUPPLEMENTARY INFORMATION**

**SCHEDULE VI  
BUDGET TO ACTUAL COMPARISON  
For the Year Ended December 31, 2003**

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Donations	\$ 44,234	\$ 40,000	\$ 4,234
Donated services	23,619	-	23,619
Donated use of office space	19,318	-	19,318
Fund raising events	239,238	261,000	(21,762)
Grants:			
EPA - Empact	6,258	6,258	-
EPA - Johnston Basin Clean-up 2	2,241	2,241	-
EPA - Northshore Wastewater Treatment	103,308	103,308	-
EPA - Pontchartrain	312,279	312,279	-
PRP - UNO Grant	463,038	463,038	-
Other - Restricted	126,305	100,000	26,305
Investment return	22,227	-	22,227
Membership sales	21,220	30,000	(8,780)
Merchandise sales	325	2,000	(1,675)
Other	-	44,000	(44,000)
	<u>1,383,610</u>	<u>1,364,124</u>	<u>19,486</u>
<b>EXPENSES</b>			
Program Services:			
Environmental education	419,337	438,044	18,707
Scientific and field research	440,881	535,386	94,505
	<u>860,218</u>	<u>973,430</u>	<u>113,212</u>
Supporting Services:			
Fund raising	143,693	172,801	29,108
Management and general	258,043	446,906	188,863
Membership promotion	1,260	4,000	2,740
	<u>402,996</u>	<u>623,707</u>	<u>220,711</u>
	<u>1,263,214</u>	<u>1,597,137</u>	<u>333,923</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ 120,396</u>	<u>\$ (233,013)</u>	<u>\$ 353,409</u>



**SINGLE AUDIT SECTION**

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009  
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

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

We have audited the financial statements of Lake Pontchartrain Basin Foundation (the "Foundation") (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued our report thereon dated May 7, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

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

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

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

May 7, 2004

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009  
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

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

### **Compliance**

We have audited the compliance of Lake Pontchartrain Basin Foundation (the "Foundation") (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

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

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

## Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Reboue & Company*

May 7, 2004

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2003**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Grant Period		Total Grant Award	2003		Total Expenditures To Date
			From	Through		Federal Revenue Recognized	Federal Expenditures	
United States								
Environmental Protection Agency								
Johnston Basin Cleanup Impact	66.606	X996097-01-0	05/01/93	09/30/01	\$ 6,700,000	\$ -	\$ -	\$ 6,699,923
Northshore Wastewater Treatment	66.606	X986193-01-0	10/01/98	9/30/03	180,000	6,258	6,258	180,000
Johnston Basin Cleanup - 2	66.606	XP986299-01-2	08/12/99	08/31/03	2,200,000	103,308	99,594	1,286,157
Pontchartrain Restoration Act	66.606	X996569-01-2	08/02/96	09/30/02	750,000	2,241	-	748,998
	66.606	X986587-01-0	07/01/00	09/30/03	807,500	312,279	312,496	807,500
Pass-through University of New Orleans - PRP Projects	66.606	X-97608901-0	06/17/02	08/30/05	688,618	463,038	555,082	688,621
<b>Totals</b>					<u>\$ 11,326,118</u>	<u>\$ 887,124</u>	<u>\$ 973,430</u>	<u>\$ 10,411,199</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2003**

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

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Foundation has met the qualifications for the respective grants. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

**ACCRUED AND DEFERRED REIMBURSEMENT**

Various reimbursement procedures are used for federal awards received by the Foundation. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2003**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Foundation.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for the Foundation expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Empact	66.606
Northshore Wastewater Treatment	66.606
Johnston Basin Cleanup - 2	66.606
Pontchartrain Restoration Act	66.606
PRP Projects (UNO)	66.606

8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. The Foundation qualified as a low-risk auditee.
10. A management letter was not issued for the year ended December 31, 2003.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

There were no findings related to the financial statements for the year ended December 31, 2003.



**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended December 31, 2003**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD  
PROGRAMS AUDIT**

There were no findings related to federal awards for the year ended December 31, 2003.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended December 31, 2003**

There were no audit findings reported in the prior year.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2003**

There were no findings in the current year; therefore, a management's corrective action plan is not required.