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**LAKE PONTCHARTRAIN  
BASIN FOUNDATION**

**FINANCIAL REPORT**

**December 31, 2005 and 2004**

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 6-28-06

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# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying Statements of Financial Position of Lake Pontchartrain Basin Foundation (the "Foundation") (a nonprofit organization) as of December 31, 2005 and 2004, and the related Statements of Activities, 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, 2005 and 2004, 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 April 14, 2006, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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 basic financial statements. 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*

April 14, 2006

**FINANCIAL SECTION**

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
STATEMENTS OF FINANCIAL POSITION**

**December 31, 2005 and 2004**

**ASSETS**

	<u>2005</u>	<u>2004</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 298,570	\$ 335,693
Restricted cash for program expenditures	4,975	29,096
Investments	371,230	364,235
Grant receivable	-	82,509
Accrued interest/dividend receivable	1,042	1,042
Prepaid insurance	2,231	10,420
	<u>678,048</u>	<u>822,995</u>
<b>OTHER ASSETS</b>		
Office furniture and equipment, net	81,739	75,543
Deposits	971	971
	<u>82,710</u>	<u>76,514</u>
<b>Total Assets</b>	<u><u>\$ 760,758</u></u>	<u><u>\$ 899,509</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 5,000
Other liabilities	11,772	11,648
	<u>11,772</u>	<u>16,648</u>
<b>Total Liabilities</b>	<u>11,772</u>	<u>16,648</u>
<b>NET ASSETS</b>		
Unrestricted	669,305	599,906
Temporarily restricted	77,181	280,455
Permanently restricted	2,500	2,500
	<u>748,986</u>	<u>882,861</u>
<b>Total Net Assets</b>	<u>748,986</u>	<u>882,861</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 760,758</u></u>	<u><u>\$ 899,509</u></u>

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
For the Year Ended December 31, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Donations	\$ 66,282	\$ -	\$ -	\$ 66,282
Donated services	78,727	-	-	78,727
Donated use of office space	18,575	-	-	18,575
Fund raising events	209,822	-	-	209,822
Grants:				
EPA - LPBF		492,918		492,918
EPA - Gulf of Mexico	-	79,577	-	79,577
EPA - Northshore Wastewater Treatment	-	636,692	-	636,692
NRCS	-	86,606	-	86,606
PRP - UNO Grant	-	122,000	-	122,000
Other - Restricted	-	97,549	-	97,549
Investment income	15,218	-	-	15,218
Membership sales	25,920	-	-	25,920
Merchandise sales	280	-	-	280
	<u>414,824</u>	<u>1,515,342</u>	<u>-</u>	<u>1,930,166</u>
Net assets released from restrictions	<u>1,718,616</u>	<u>(1,718,616)</u>	<u>-</u>	<u>-</u>
<b>Total Revenue and Other Support</b>	<u>2,133,440</u>	<u>(203,274)</u>	<u>-</u>	<u>1,930,166</u>
<b>EXPENSES</b>				
Program Services:				
Environmental education	379,162	-	-	379,162
Scientific and field research	1,240,872	-	-	1,240,872
<b>Total Program Services</b>	<u>1,620,034</u>	<u>-</u>	<u>-</u>	<u>1,620,034</u>
Supporting Services:				
Fund raising	249,013	-	-	249,013
Management and general	169,365	-	-	169,365
Membership promotion	25,629	-	-	25,629
<b>Total Supporting Services</b>	<u>444,007</u>	<u>-</u>	<u>-</u>	<u>444,007</u>
<b>Total Expenses</b>	<u>2,064,041</u>	<u>-</u>	<u>-</u>	<u>2,064,041</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	69,399	(203,274)	-	(133,875)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>599,906</u>	<u>280,455</u>	<u>2,500</u>	<u>882,861</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 669,305</u>	<u>\$ 77,181</u>	<u>\$ 2,500</u>	<u>\$ 748,986</u>

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**For the Year Ended December 31, 2004**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND OTHER SUPPORT</b>				
Donations	\$ 54,027	\$ -	\$ -	\$ 54,027
Donated services	108,846	-	-	108,846
Donated use of office space	18,699	-	-	18,699
Fund raising events	183,626	-	-	183,626
Grants:				
EPA - LPBF	-	39,437	-	39,437
EPA - Gulf of Mexico	-	53,100	-	53,100
EPA - Northshore Wastewater Treatment	-	223,250	-	223,250
PRP - UNO Grant	-	538,000	-	538,000
Other - Restricted	-	70,649	-	70,649
Investment income	20,721	-	-	20,721
Membership sales	23,550	-	-	23,550
Merchandise sales	160	-	-	160
	<u>409,629</u>	<u>924,436</u>	<u>-</u>	<u>1,334,065</u>
Net assets released from restrictions	<u>643,981</u>	<u>(643,981)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>1,053,610</u>	<u>280,455</u>	<u>-</u>	<u>1,334,065</u>
<b>EXPENSES</b>				
Program Services:				
Environmental education	369,316	-	-	369,316
Scientific and field research	565,416	-	-	565,416
Total Program Services	<u>934,732</u>	<u>-</u>	<u>-</u>	<u>934,732</u>
Supporting Services:				
Fund raising	227,069	-	-	227,069
Management and general	141,048	-	-	141,048
Membership promotion	20,884	-	-	20,884
Total Supporting Services	<u>389,001</u>	<u>-</u>	<u>-</u>	<u>389,001</u>
Total Expenses	<u>1,323,733</u>	<u>-</u>	<u>-</u>	<u>1,323,733</u>
INCREASE (DECREASE) IN NET ASSETS	(270,123)	280,455	-	10,332
NET ASSETS AT BEGINNING OF YEAR	<u>870,029</u>	<u>-</u>	<u>2,500</u>	<u>872,529</u>
NET ASSETS AT END OF YEAR	<u>\$ 599,906</u>	<u>\$ 280,455</u>	<u>\$ 2,500</u>	<u>\$ 882,861</u>

See accompanying notes to the financial statements.



**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (133,875)	\$ 10,332
Loss on disposal of office furniture and equipment	1,368	5,773
(Gain) loss on sale of investments	412	(1,453)
Unrealized (gain) loss on investments	6,277	(8,030)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	32,219	25,215
(Increase) decrease in:		
Accrued interest/dividend receivable	-	(586)
Prepaid expense	8,189	(3,588)
Grant receivable	82,509	487
Increase (decrease) in:		
Accrued liabilities	124	4,354
Accounts payable	(5,000)	(21,184)
Net cash provided (used) by operating activities	(7,777)	11,320
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(159,880)	(24,711)
Proceeds from sales of investments	146,196	18,847
Purchases of office furniture and equipment	(39,784)	(26,061)
Net cash used by investing activities	(53,468)	(31,925)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(61,245)	(20,605)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	364,789	385,394
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 303,544	\$ 364,789
<b>SHOWN ON THE ACCOMPANYING STATEMENT OF FINANCIAL POSITION AS:</b>		
Cash and cash equivalents	\$ 298,570	\$ 335,693
Restricted cash for program expenditures	4,975	29,096
	\$ 303,545	\$ 364,789

See accompanying notes to the financial statements.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For the Years Ended December 31, 2005 and 2004**

**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 including its coast. The Foundation will assist and coordinate efforts with federal, state and parish agencies to clean up and restore the Lake Pontchartrain Basin. 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 habitat 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.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For the Years Ended December 31, 2005 and 2004**

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

**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.

**CASH FLOW STATEMENT**

The Foundation had no non-cash financing and investing activities for the years ended December 31, 2005 and 2004.

**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

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For the Years Ended December 31, 2005 and 2004**

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

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.

**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.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Years Ended December 31, 2005 and 2004

**NOTE B - DONATED SERVICES AND OFFICE SPACE (CONTINUED)**

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, 2005 and 2004, the value of the professional services and rental value of the facilities, was \$97,302 and \$127,545, 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.

**NOTE C - GRANT RECEIVABLE**

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

	2005	2004
EPA	\$ <u>          -</u>	\$ <u>82,509</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:

	2005	2004
Computer Equipment	\$ 62,158	\$ 66,052
Furniture and Fixtures	25,056	25,056
Boat and Other Program Equipment	<u>118,947</u>	<u>85,598</u>
	206,161	176,706
Accumulated Depreciation	<u>(124,422)</u>	<u>(101,164)</u>
	<u>\$ 81,739</u>	<u>\$ 75,543</u>

Depreciation expense for 2005 and 2004 was \$32,219 and \$25,215, 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  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For the Years Ended December 31, 2005 and 2004**

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

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 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 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 - 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 \$10,072 and \$10,121 for the years ended December 31, 2005 and 2004, respectively.

**NOTE G - INDIRECT COST**

The EPA grant revenue includes an indirect cost allocation. The amounts of indirect costs reimbursed included in revenue were \$55,437 and \$35,666 for the years ended December 31, 2005 and 2004, respectively.

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**For the Years Ended December 31, 2005 and 2004**

**NOTE H - DEPOSITS AND INVESTMENTS**

As required by SFAS No. 124, investments are recorded at fair value and consist of the following as of December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Stocks and Bonds	\$ -	\$ 66,315
Mutual Funds	<u>371,230</u>	<u>297,920</u>
Total Investments	<u>\$ 371,230</u>	<u>\$ 364,235</u>

The following schedule summarizes the investment income and its classification in the Statement of Activities for the years ended December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Interest/dividend income	\$ 21,778	\$ 11,089
Realized gain (loss)	(412)	1,453
Unrealized gain (loss)	<u>(6,148)</u>	<u>8,179</u>
Total Investment Income	<u>\$ 15,218</u>	<u>\$ 20,721</u>

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

Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Foundation has limited its risk by investing in mutual funds containing investments with varying maturity dates.

Credit Risk

State statutes authorize the Foundation to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP). The Foundation has no investment policy that would further limit its investment choices. As of December 31, 2005 and 2004, the Foundation had no investments in debt securities.

Concentration of Credit Risk

The Foundation places no limit on the amount the Foundation may invest in any one issuer. As of December 31, 2005 and 2004, 100% of the Foundation's investments were in mutual funds.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended December 31, 2005 and 2004**

**NOTE H - DEPOSITS AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation does not have a deposit policy for custodial credit risk. As of December 31, 2005 \$38,787 of the Foundation's bank balances of \$445,049 was exposed to custodial credit risk as they were uninsured and uncollateralized. As of December 31, 2004 \$27,685 of the Foundation's bank balances of \$158,206 was exposed to custodial credit risk as they were uninsured and uncollateralized.

**NOTE I - 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 2005 and 2004, 75% and 64%, respectively, of the Foundation's total support and revenue was derived from EPA grants.



**SUPPLEMENTARY INFORMATION**

**SINGLE AUDIT SECTION**

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2005**

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
North Shore Fluker Sewerage Project	\$ -	\$ 630,886	\$ -	\$ -	\$ -	\$ 630,886
Salaries	85,602	217,152	57,383	51,033	12,101	423,271
Back to the Beach	-	-	104,501	-	-	104,501
Fringe benefits and payroll taxes	25,150	38,969	15,761	12,443	3,199	95,522
LPBF4 - Outreach	72,817	-	-	-	-	72,817
Indirect costs	22,175	33,262	-	-	-	55,437
Donated Services	-	-	-	48,308	-	48,308
Natural Resources Conservation Service - Lagoon Clean-out	-	45,385	-	-	-	45,385
LPBF3 - Sewerage	8,660	34,640	-	-	-	43,300
Pontchartrain Restoration Program						
WE4 - Outreach	43,079	-	-	-	-	43,079
LPBF2 - Lagoons	7,650	30,600	-	-	-	38,250
Outside/Professional Services	6,008	9,858	10,113	8,543	2,197	36,719
LPBF04 - Coastal Restoration	-	35,000	-	-	-	35,000
Rent	10,257	15,755	4,218	3,691	949	34,870
Shell	34,303	-	-	-	-	34,303
Donated Use of Facilities	-	-	-	18,575	-	18,575
Gulf of Mexico - Lab Fees	3,590	14,360	-	-	-	17,950
Telephone	3,333	5,370	4,236	3,707	953	17,599
Donated Services - Match	6,084	24,335	-	-	-	30,419
Pontchartrain Restoration Program						
WE3 - Sewerage Assistant	3,165	12,661	-	-	-	15,826
Coastal Zone 05	-	15,000	-	-	-	15,000
Pontchartrain Restoration Program						
WE1 - Water Quality	2,930	11,722	-	-	-	14,652
Travel	4,284	6,377	971	850	218	12,700
Natural Resources Conservation Service - Lagoon Decommissioning	-	11,496	-	-	-	11,496
Pontchartrain Restoration Program						
WE2 - Lagoon Clean Out	2,100	8,400	-	-	-	10,500
Golf Tournament	-	-	11,393	-	-	11,393
Computer Maintenance	2,472	3,855	1,679	1,469	378	9,853
Printing and Postage	954	1,586	4,389	1,540	1,047	9,516
Supplies and equipment	2,543	3,937	1,410	1,234	317	9,441
Miscellaneous Expenses	362	719	3,677	3,511	552	8,821
Vehicle	3,302	4,953	-	-	-	8,255
Southshore Party	-	-	6,661	-	-	6,661
LPBF4 - Habitat	6,178	-	-	-	-	6,178
Gulf of Mexico - Mileage	1,131	4,524	-	-	-	5,655
Insurance	496	912	1,939	1,674	430	5,451
Rodeo	-	-	4,751	-	-	4,751
Newsletter	1,741	1,741	-	-	-	3,482
Reef Project #2	-	3,371	-	-	-	3,371
Reef Project	-	3,142	-	-	-	3,142
Parking	895	1,370	530	273	70	3,138
Banrock Station	3,120	-	-	-	-	3,120
<b>Subtotal</b>	<b>\$ 364,381</b>	<b>\$ 1,231,338</b>	<b>\$ 233,612</b>	<b>\$ 156,851</b>	<b>\$ 22,411</b>	<b>\$ 2,008,593</b>

(Continued)

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)**  
**For the Year Ended December 31, 2005**

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Subtotal from previous page	\$ 364,381	\$ 1,231,338	\$ 233,612	\$ 156,851	\$ 22,411	\$ 2,008,593
LPBF4 - Access	3,118	-	-	-	-	3,118
LPBF1 - Water Quality	616	2,463	-	-	-	3,079
Pontchartrain Restoration Program						
WE4 - Access	3,000	-	-	-	-	3,000
Staff Resources	174	346	975	853	219	2,567
Seminars and Conferences	1,017	1,290	10	-	-	2,317
Mandeville Wetland	2,078	-	-	-	-	2,078
Environmental Issues	1,814	-	-	-	-	1,814
Department of Health & Hospitals	278	1,114	-	-	-	1,392
Dues and subscriptions	33	73	535	232	60	933
Gulf of Mexico Supplies & Equipment	164	657	-	-	-	821
Northshore Party	-	-	790	-	-	790
Pontchartrain Restoration Program						
WE4 - Habitat	717	-	-	-	-	717
Bank Charges	20	44	161	141	36	402
Education Support	139	-	-	-	-	139
Entertainment	-	-	31	-	-	31
Taxes and Licenses	2	3	12	11	3	31
Total expenses before depreciation	377,551	1,237,328	236,126	158,088	22,729	2,031,822
Depreciation	1,611	3,544	12,887	11,277	2,900	32,219
Total expenses	<u>\$ 379,162</u>	<u>\$ 1,240,872</u>	<u>\$ 249,013</u>	<u>\$ 169,365</u>	<u>\$ 25,629</u>	<u>\$ 2,064,041</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2004**

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Salaries	\$ 87,621	\$ 217,047	\$ 51,087	\$ 48,558	\$ 9,837	\$ 414,150
Back to the Beach	-	-	110,722	-	-	110,722
Fringe benefits and payroll taxes	21,151	32,749	13,084	10,226	2,630	79,840
PRP WE3 - Sewerage Assistant	12,661	50,644	-	-	-	63,305
Donated Services - Match	12,535	50,142	-	-	-	62,677
Miscellaneous Programs/Projects	62,233	-	-	-	-	62,233
PRP WE2 - Lagoon Clean Out	12,064	48,255	-	-	-	60,319
Rent	13,940	21,433	5,980	5,232	1,345	47,930
Donated Services	16,159	16,159	-	13,850	-	46,168
Indirect costs	14,266	21,399	-	-	-	35,665
PRP WE4 - Outreach	25,834	-	-	-	-	25,834
Outside/Professional Services	9,193	8,423	1,297	4,979	205	24,097
GOMP - Lab Fees	4,150	16,600	-	-	-	20,750
Telephone	4,458	7,007	3,663	3,205	824	19,157
Donated Use of Facilities	-	-	-	18,699	-	18,699
PRP WE1 - Water Quality	3,694	14,774	-	-	-	18,468
Mandeville Wetland	17,528	-	-	-	-	17,528
PRP WE4 - Access	17,125	-	-	-	-	17,125
Miscellaneous Expenses	1,207	1,960	1,160	9,266	688	14,281
Computer Maintenance	3,371	5,168	-	2,663	-	11,202
Printing and Postage	1,086	1,784	3,023	3,708	1,228	10,829
Supplies and equipment	2,606	4,028	-	2,873	-	9,507
Insurance	1,625	2,651	968	3,957	210	9,411
Reef Project	1,707	6,827	-	-	-	8,534
Vehicle	3,339	5,010	-	-	-	8,349
Golf Tournament	-	-	7,667	-	-	7,667
Travel	2,196	4,084	-	1,200	-	7,480
Pearl River	-	7,381	-	-	-	7,381
Northshore Party	-	-	6,727	-	-	6,727
Seminars and Conferences	2,303	2,878	418	50	-	5,649
Bayou Trepagner/LaBranche	-	5,599	-	-	-	5,599
Monsanto III	5,000	-	-	-	-	5,000
GOMP - Mileage	985	3,941	-	-	-	4,926
Parking	1,232	1,894	420	1,089	-	4,635
Southshore Party	-	-	4,423	-	-	4,423
Rodeo	-	-	4,187	-	-	4,187
DHH	817	3,266	-	-	-	4,083
Newsletter	-	-	1,648	-	1,648	3,296
Environmental Issues	3,066	-	-	-	-	3,066
Dues and subscriptions	46	101	250	771	-	1,168
<b>Subtotal</b>	<b>\$ 365,198</b>	<b>\$ 561,204</b>	<b>\$ 216,724</b>	<b>\$ 130,326</b>	<b>\$ 18,615</b>	<b>\$ 1,292,067</b>

(Continued)

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)**  
**For the Year Ended December 31, 2004**

	Program Services		Support Services			Total
	Environmental Education	Scientific and Field Research	Fund Raising	Management and General	Membership Promotion	
Subtotal from previous page	\$ 365,198	\$ 561,204	\$ 216,724	\$ 130,326	\$ 18,615	\$ 1,292,067
Bank Charges	58	128	-	980	-	1,166
Reef Project #2	209	835	-	-	-	1,044
Staff Resources	73	143	-	811	-	1,027
PRP WE4 - Habitat	929	-	-	-	-	929
Beach Sweep	871	-	-	-	-	871
Shell	140	557	-	-	-	697
Education Support	348	-	-	-	-	348
Exxon Mobile - Brochure	223	-	-	-	-	223
Poster Sales	-	-	182	-	-	182
Entertainment	2	4	77	32	-	115
Taxes and Licenses	4	10	-	74	-	88
Basics of the Basin	-	(239)	-	-	-	(239)
Total expenses before depreciation	368,055	562,642	216,983	132,223	18,615	1,298,518
Depreciation	1,261	2,774	10,086	8,825	2,269	25,215
Total expenses	<u>\$ 369,316</u>	<u>\$ 565,416</u>	<u>\$ 227,069</u>	<u>\$ 141,048</u>	<u>\$ 20,884</u>	<u>\$ 1,323,733</u>

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SUPPLEMENTARY INFORMATION**

**BUDGET TO ACTUAL COMPARISON  
For the Year Ended December 31, 2005**

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Donations	\$ 66,282	\$ 45,000	\$ 21,282
Donated services	78,727	-	78,727
Donated use of office space	18,575	-	18,575
Fund raising events	209,822	245,000	(35,178)
Grants:			
EPA - GOMP	79,577	79,577	-
EPA - Northshore Wastewater Treatment	636,692	16,000	620,692
EPA - LPBF	492,918	746,500	(253,582)
NCRS	86,606	-	86,606
PRP - UNO Grant	122,000	131,297	(9,297)
Other - Restricted	97,549	60,000	37,549
Investment return	15,218	30,000	(14,782)
Membership sales	25,920	27,000	(1,080)
Merchandise sales	280	2,000	(1,720)
Other	-	23,000	(23,000)
	<u>1,930,166</u>	<u>1,405,374</u>	<u>524,792</u>
<b>EXPENSES</b>			
Program Services:			
Environmental education	379,162	880,345	501,183
Scientific and field research	1,240,872	1,012,423	(228,449)
	<u>1,620,034</u>	<u>1,892,768</u>	<u>272,734</u>
Supporting Services:			
Fund raising	249,013	133,000	(116,013)
Management and general	169,365	193,400	24,035
Membership promotion	25,629	3,000	(22,629)
	<u>444,007</u>	<u>329,400</u>	<u>(114,607)</u>
Total Expenses	<u>2,064,041</u>	<u>2,222,168</u>	<u>158,127</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ (133,875)</u>	<u>\$ (816,794)</u>	<u>\$ 682,919</u>

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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

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

We have audited the financial statements of Lake Pontchartrain Basin Foundation (the "Foundation") (a nonprofit organization) as of and for the year ended December 31, 2005, and have issued our report thereon dated April 14, 2006. 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.

### **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 an opinion 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 reportable 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 caused by error or fraud 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.

### **Compliance and Other Matters**

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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*

April 14, 2006

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## **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**  
Metairie, Louisiana

### **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, 2005. 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, 2005.

## **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 caused by an error or fraud 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.

*Rebowe & Company*

April 14, 2006

**LAKE PONTCHARTRAIN BASIN FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2005**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Grant Period		Total Grant Award	2005		Total Expenditures To Date
			From	Through		Federal Revenue Recognized	Federal Expenditures	
United States Environmental Protection Agency								
Gulf of Mexico Program	66.475	MX96400904-1	10/1/2004	12/31/2005	\$ 79,577	\$ 79,577	\$ 79,577	\$ 79,577
Lake Pontchartrain Basin Foundation Grant	66.436	X7976724-01-1	9/1/2004	9/30/2006	745,600	492,918	521,999	532,349
Northshore Wastewater Treatment	66.606	XP986299-01-7	08/12/99	1/31/2006	2,200,000	636,692	636,692	2,149,565
Pass-through University of New Orleans - PRP Projects	66.606	X-97643301-0	6/25/2003	8/31/2006	660,000	122,000	187,741	660,000
Total U.S. Environmental Protection Agency					\$ 3,685,177	\$ 1,331,187	\$ 1,426,009	\$ 3,421,491
United States Department of Agriculture Natural Resources Conservation Service	10.902	68-7212-04-05	6/17/2004	9/30/2006	440,000	86,606	81,641	81,641
Total U.S. Department of Agriculture					\$ 440,000	\$ 86,606	\$ 81,641	\$ 81,641
Totals					\$ 4,125,177	\$ 1,417,793	\$ 1,507,650	\$ 3,503,132

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, 2005**

**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, 2005**

**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 Internal Control Over Financial Reporting and on Compliance and Other Matters 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 in internal control over major federal award programs disclosed during the audit 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 auditor's report on compliance for the major federal award programs for the Foundation expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Northshore Wastewater Treatment	66.606
PRP Projects (UNO)	66.606

8. The threshold used for distinguishing between Type A and 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, 2005.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

There were no findings related to the financial statements for the year ended December 31, 2005.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**For the Year Ended December 31, 2005**

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

There were no findings related to federal awards for the year ended December 31, 2005.

**LAKE PONTCHARTRAIN BASIN FOUNDATION**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**For the Year Ended December 31, 2005**

There were no audit findings reported in the prior year.



**LAKE PONTCHARTRAIN BASIN FOUNDATION  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2005**

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