

**BATON ROUGE AREA CHAMBER**

Baton Rouge, Louisiana

Audits of Consolidated Financial Statements  
December 31, 2018 and 2017



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## **Independent Auditor's Report**

To the Board of Directors  
Baton Rouge Area Chamber and  
The Greater Baton Rouge Economic Partnership, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying consolidated financial statements of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. as of December 31, 2018 and 2017, and changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA  
June 25, 2019

**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Financial Position**  
**December 31, 2018 and 2017**

	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,927,856	\$ 2,509,984
Membership Investments Receivable, Net	99,217	116,474
Other Receivable	80,257	83,177
Government Contracts Receivable	-	29,550
Due from Related Party	15,650	9,150
Prepaid Expenses	20,221	42,050
<b>Total Current Assets</b>	<b>2,143,201</b>	<b>2,790,385</b>
<b>Property and Equipment, Net</b>	<b>3,363,320</b>	<b>596,724</b>
<b>Total Assets</b>	<b>\$ 5,506,521</b>	<b>\$ 3,387,109</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Funds Held in Custody	\$ 161,877	\$ -
Accounts Payable	125,173	204,574
Accrued Expenses	96,202	56,595
Retainage Payable	113,768	-
Current Maturities of Notes Payable, Net	730,424	672,603
Unearned Revenues	297,352	362,473
<b>Total Current Liabilities</b>	<b>1,524,796</b>	<b>1,296,245</b>
<b>Notes Payable, Net of Current Maturities</b>	<b>1,415,098</b>	<b>-</b>
<b>Total Liabilities</b>	<b>2,939,894</b>	<b>1,296,245</b>
<b>Net Assets</b>		
Without Donor Restrictions		
Undesignated	1,823,541	1,324,783
Designated by the Board for Reserve Fund	743,086	766,081
<b>Total Net Assets</b>	<b>2,566,627</b>	<b>2,090,864</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,506,521</b>	<b>\$ 3,387,109</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Activities**  
**For the Years Ended December 31, 2018 and 2017**

	2018	2017
<b>Changes in Net Assets Without Restrictions</b>		
<b>Revenues</b>		
Contributions	\$ 2,900,417	\$ 3,034,862
In-Kind Contributions	774,437	558,772
Event Admissions and Sponsorships	451,799	251,975
Membership Dues	397,608	415,613
Leadership Program	85,875	98,020
Grants		
City of Baton Rouge/Parish of East Baton Rouge	350,000	350,000
Louisiana Economic Development	160,450	29,550
Other	118,499	17,352
Baton Rouge Area Foundation	30,000	70,000
Louisiana Regional Leadership Council	-	250,000
Office of Community Development	-	54,050
Interest Income	10,004	2,212
Other Income	101,706	20,744
<b>Total Revenues</b>	<b>5,380,795</b>	<b>5,153,150</b>
<b>Net Assets Released from Donor Restrictions</b>	<b>489,125</b>	<b>258,000</b>
<b>Total Revenues and Reclassifications</b>	<b>5,869,920</b>	<b>5,411,150</b>
<b>Expenses</b>		
<b>Program Services</b>		
Business Development	1,218,944	1,258,167
Marketing, Membership, and Events	1,773,267	1,222,686
Economic Competitiveness	638,622	622,717
Governmental Affairs	243,452	327,338
<b>Total Program Services</b>	<b>3,874,285</b>	<b>3,430,908</b>
<b>General and Administrative</b>		
Personnel	693,538	539,177
General Office	183,638	143,223
Occupancy	180,952	140,899
Professional Services	127,472	235,345
Bad Debt	117,977	91,710
Travel and Hosting	94,468	35,423
Other	72,101	22,440
Interest Expense	49,726	3,904
<b>Total General and Administrative</b>	<b>1,519,872</b>	<b>1,212,121</b>
<b>Total Expenses</b>	<b>5,394,157</b>	<b>4,643,029</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>\$ 475,763</b>	<b>\$ 768,121</b>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	\$ 489,125	\$ 258,000
Net Assets Released from Donor Restrictions	(489,125)	(258,000)
<b>Change in Net Assets With Donor Restrictions</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Total Net Assets</b>	<b>\$ 475,763</b>	<b>\$ 768,121</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Changes in Net Assets**  
**For the Years Ended December 31, 2018 and 2017**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Net Assets, January 1, 2017</b>	\$ 1,322,743	\$ -	\$ 1,322,743
Increase in Net Assets	768,121	-	768,121
<b>Net Assets, December 31, 2017</b>	2,090,864	-	2,090,864
Increase in Net Assets	475,763	-	475,763
<b>Net Assets, December 31, 2018</b>	<u>\$ 2,566,627</u>	<u>\$ -</u>	<u>\$ 2,566,627</u>

The accompanying notes are an integral part of these consolidated financial statements.

**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2018 and 2017**

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 475,763	\$ 768,121
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Amortization included in Interest	3,018	-
Depreciation and Amortization	74,126	43,599
Bad Debt Expense	117,977	91,710
(Increase) Decrease in		
Membership and Other Receivables	(68,250)	92,657
Due from Related Party	(6,500)	(9,150)
Prepaid Expenses	21,829	(3,953)
(Decrease) Increase in		
Accounts Payable	(79,401)	17,520
Accrued Expenses	39,607	(164,180)
Retainage Payable	113,768	-
Unearned Revenues	(65,121)	(3,611)
<b>Net Cash Provided by Operating Activities</b>	<b>626,816</b>	<b>832,713</b>
<b>Cash Flows from Investing Activities</b>		
Acquisitions of Property and Equipment	(2,840,722)	(280,240)
<b>Net Cash Used in Investing Activities</b>	<b>(2,840,722)</b>	<b>(280,240)</b>
<b>Cash Flows from Financing Activities</b>		
Amounts Received on Behalf of Others - Funds Held in Custody	186,513	-
Amounts Paid Out on Behalf of Others - Funds Held in Custody	(24,636)	-
Proceeds from Notes Payable	1,970,901	685,000
Payments on Notes Payable	(501,000)	-
Capitalized Loan Costs	-	(12,397)
<b>Net Cash Provided by Financing Activities</b>	<b>1,631,778</b>	<b>672,603</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(582,128)</b>	<b>1,225,076</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,509,984</b>	<b>1,284,908</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,927,856</b>	<b>\$ 2,509,984</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Interest	\$ 46,708	\$ 3,904

The accompanying notes are an integral part of these consolidated financial statements.

# BATON ROUGE AREA CHAMBER

## Notes to Consolidated Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### Nature of Activities

The Baton Rouge Area Chamber (BRAC) was incorporated on September 22, 1948 as a public non-profit organization under Internal Revenue Code Section 501(c)(6). BRAC's mission is leading economic development in the nine-parish Baton Rouge area. The major programs and objectives are as follows:

- Business Development - Create an environment which attracts new and expanded business investment and development;
- Governmental Affairs - Advocate public policy positions that positively impact the business community;
- Community Development and Leadership - Build a learning community focused on creating a high-quality education system while developing the next generation of leaders;
- Business Intelligence - Conduct research on public policy issues affecting business development in the region;
- Marketing - Develop and implement a plan that promotes the Baton Rouge region to prospective companies; and
- Membership Activities - Provide a venue that allows members to promote their businesses.

The major sources of funding are from contributions, membership dues, and grants from the State of Louisiana and the City of Baton Rouge/Parish of East Baton Rouge.

The Greater Baton Rouge Economic Partnership, Inc. (GBREP, Inc.) was incorporated on April 19, 1994 as a public non-profit organization under Internal Revenue Code Section 501(c)(3). According to its by-laws, GBREP, Inc.'s mission is to benefit and increase the quality of life of the general public in and around the Baton Rouge area by promoting and supporting activities and functions that attract business, educate the public, and create jobs that increase economic growth and development in the region.

#### Principles of Consolidation

The consolidated financial statements include the accounts of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc., which are not-for-profit organizations that are controlled by the Board of Directors of BRAC. Intercompany transactions and balances have been eliminated in consolidation.

#### Basis of Accounting

BRAC and GBREP, Inc. (collectively referred to as BRAC) prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Estimates are used primarily when accounting for the allowance for doubtful accounts and bad debt expense, unearned revenue, and accrued absences.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, BRAC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with estimated lives between 3 and 40 years. When property is retired or otherwise disposed of, applicable amounts are removed from the related asset and accumulated depreciation accounts, and the resulting gain or loss is recognized.

**Contributed Support**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, BRAC reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a reserve fund that may be drawn upon in times of emergency, to cover temporary cash needs, or for other cash needs in accordance with the policy. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. There were no net assets with donor restrictions at December 31, 2018 and 2017.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

**Membership**

BRAC's revenue for membership originates at the commencement of the membership period. Such amounts are recorded as unearned revenue and are recognized as revenue over the applicable membership period of twelve months.

**Grant Revenue Recognition**

Grants that represent exchange transactions are recorded as a receivable when the grant costs are incurred and reimbursable. Grants that represent contributed support are recognized in the same manner as promises to give. Grant revenue is recognized in accordance with the terms specified by the grant.

**Leadership Program**

Revenue for the leadership program originates at the commencement of the program period. Such amounts are recorded as unearned revenue and are recognized as revenue over the applicable program period of ten months.

**Event Admissions and Sponsorships**

As event sponsorships or tickets are sold, amounts received are recorded as unearned revenue until the event takes place. At that time, the revenue is recognized.

**Conditional Pledges**

BRAC has secured five-year campaign pledge commitments of approximately \$2,980,650 through December 31, 2018. Receipts on pledges totaled \$2,888,417 for the year ended December 31, 2018. Outstanding conditional pledges receivable of \$481,833 as of December 31, 2018, relating to currently billed pledge payments for the economic development campaign, have not been reflected in these consolidated financial statements.

BRAC has secured five-year campaign pledge commitments of approximately \$2,995,766 through December 31, 2017. Receipts on pledges totaled \$3,084,362 for the year ended December 31, 2017. Outstanding conditional pledges receivable of \$422,250 as of December 31, 2017, relating to currently billed pledge payments for the economic development campaign, have not been reflected in these consolidated financial statements.

Campaign contributions are recognized as revenue in the fiscal year in which the donation is received.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Membership Investments Receivables**

Membership and other receivables are recorded at cost, net of an allowance for doubtful accounts. BRAC establishes an allowance for doubtful accounts based on historical experience and any specific collection issues that have been identified. Uncollectible receivables are written off against the allowance for doubtful accounts when BRAC determines the balance will not be collected. At December 31, 2018 and 2017, allowance for doubtful accounts was \$85,170 and \$107,836, respectively. BRAC does not require collateral for its receivables. Membership and other receivables in excess of 90 days at December 31, 2018 and 2017 were, \$91,261 and \$120,091, respectively.

##### **Debt Issuance Costs**

BRAC follows Accounting Standards Update (ASU) 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Deferred financing costs of \$12,397 are being amortized over the term of the applicable note as a component of interest expense. These costs are presented net of accumulated amortization of \$3,018 and \$-0- as of December 31, 2018 and 2017, respectively.

##### **Vacation Leave**

Vacation leave is earned at varying rates from two to three weeks per year depending on length of service. A maximum of two or three weeks, depending on length of service, of unused vacation leave may be carried over at year end; however, additional time may be awarded at the discretion of management. Accordingly, \$77,583 and \$54,736 related to such unused vacation leave has been accrued at December 31, 2018 and 2017, respectively.

##### **In-Kind Contributions**

Donated services and materials, if significant in amount, are recorded as in-kind services, at the time the service is performed, provided the donor has a clearly measurable and objective basis for determining their value. No value is assigned to other donated items if there is no ascertainable basis for assigning value.

##### **Income Taxes**

BRAC is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. GBREP, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

To maintain the tax deductible status of member dues, BRAC limits for political-related activity to 12%.

##### **Advertising**

BRAC expenses advertising costs as they are incurred. Advertising costs of \$3,895 and \$3,738, were incurred during the years ended December 31, 2018 and 2017, respectively.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated financial statements. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated on the basis of estimates of time and effort.

**Recent Accounting Pronouncements**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* to supersede nearly all existing revenue recognition under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2014-09 is effective for BRAC's annual reporting period beginning January 1, 2019, and for its interim reporting periods beginning January 1, 2020. BRAC may use one of two methods for applying ASU 2014-09: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the scope of ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined within ASU 2014-09. Management is currently assessing the potential effects of these changes to its financial statements.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The ASU 2016-02 will be effective for BRAC in the year ending December 31, 2020. Management is currently evaluating the impact ASU 2016-02 will have on the consolidated financial statements.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Recent Accounting Pronouncements (Continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. During the year ended December 31, 2018, BRAC implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented which did not have a material effect on the consolidated financial statement balances for the year ended December 31, 2018 and 2017

#### Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2018	2017
Cash and Cash Equivalents	\$ 1,184,770	\$ 1,743,903
Membership Investments Receivable, Net	99,217	116,474
Other Receivable	80,257	83,177
Government Contracts Receivable	-	29,550
Due from Related Party	15,650	9,150
<b>Total</b>	<b>\$ 1,379,894</b>	<b>\$ 1,982,254</b>

As part of the BRAC's liquidity management plan, BRAC maintains balances in excess of daily requirements in cash and cash equivalents. The board designates on an annual basis a reserve fund, that may be drawn upon in times of emergency, to cover temporary cash needs, or for other cash requirements in accordance with the policy, a target amount of three months of current year budgeted expenditures. BRAC operating surpluses may also be deposited into the reserve fund.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 3. Property and Equipment

Property and equipment at December 31, 2018 and 2017, consisted of the following:

Description	Service Life	2018	2017
Building and Improvements	15 - 40 Years	\$ 1,100,229	\$ 1,100,229
Computer Equipment and Software	3 - 5 Years	451,930	279,306
Office Equipment	5 - 10 Years	46,292	46,292
Furniture and Fixtures	5 - 10 Years	338,718	36,326
Land	-	68,259	53,497
		<u>2,005,428</u>	<u>1,515,650</u>
Less: Accumulated Depreciation		<u>(1,261,381)</u>	<u>(1,187,255)</u>
		744,047	328,395
Construction in Progress		<u>2,619,273</u>	<u>268,329</u>
<b>Property and Equipment, Net</b>		<b>\$ 3,363,320</b>	<b>\$ 596,724</b>

Depreciation expense was \$74,126 and \$43,599, for 2018 and 2017, respectively.

#### Note 4. Unearned Revenue

Unearned revenue at December 31, 2018 and 2017, consisted of the following:

	2018	2017
Unearned Membership Dues	\$ 248,227	\$ 262,323
Unearned Leadership	41,125	44,750
Unearned Events	8,000	55,400
<b>Total</b>	<b>\$ 297,352</b>	<b>\$ 362,473</b>

#### Note 5. Retirement Plan

BRAC has a 401(k) retirement plan for all employees older than 21 years of age. The entrance dates of the plan are monthly. Effective January 1, 2016, the 401(k) retirement plan was amended to include a 30-day minimum service requirement to enroll in the plan. At that time, the employee will be automatically enrolled with a 6% employee contribution with the option to subsequently adjust. An employee becomes fully vested upon his participation. The plan provides for a safe harbor qualified employer match of 100% of the employee's contribution up to 6% of his pay. BRAC's contributions for 2018 and 2017, were \$127,521 and \$126,748.

The employees may also make pretax contributions which are not matched by BRAC and are vested immediately.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 6. Related Party Transactions

BRAC provides FuturePAC (a political action committee) with incidental administrative support. The amount charged to FuturePAC for this support totaled \$6,000 for the years ended December 31, 2018 and 2017. Amounts due from BRAC for various expenses paid on behalf of FuturePAC totaled \$15,650 and \$9,150 for the years ended December 31, 2018 and 2017, respectively, which is included in due from related party on the consolidated statements of financial position. FuturePAC has not been included in these consolidated financial statements because it does not meet the requirements for consolidation.

During the normal course of business, BRAC purchases the services and/or materials and supplies provided by businesses associated with certain members of BRAC's Board of Directors. During 2018 and 2017, BRAC incurred costs of approximately \$323,145 and \$161,991, respectively, relating to services received from businesses associated with certain board members.

#### Note 7. Funds Held in Custody

During the year ended December 31, 2018, BRAC began acting as fiscal agent for an organization that does not have its own accounting function. As of December 31, 2018 and 2017, BRAC held the \$161,877 and \$0-, respectively, on behalf of this organization.

#### Note 8. Notes Payable

Notes payable at December 31, 2018 and 2017 consist of the following:

	2018	2017
Note payable to a bank, original amount of \$685,000, interest at 3.80%, secured by savings account, monthly interest only payments, with all unpaid principal and interest due at maturity on November 15, 2019.	\$ 685,000	\$ 685,000
Note payable to a bank, original amount of \$1,900,000, interest at 3.80%, secured by building, monthly interest only payments through April 2019, monthly principal and interest payments of \$10,270 beginning May 2019, with all unpaid principal and interest due at maturity on October 19, 2022	1,469,901	-
	<u>2,154,901</u>	685,000
Less: Current Portion of Notes Payable	<u>(730,424)</u>	<u>(685,000)</u>
<b>Total</b>	<b>\$ 1,424,477</b>	<b>\$ -</b>

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 8. Notes Payable (Continued)

The December 31, 2018 and 2017 principal and unamortized debt issue costs were as follows:

	2018	2017
Notes Payable Principal Balance	\$ 2,154,901	\$ 685,000
Unamortized Debt Issue Costs	<u>(9,379)</u>	<u>(12,397)</u>
Note Payable, Net of Unamortized Debt Issue Costs	<u>\$ 2,145,522</u>	<u>\$ 672,603</u>

The principal maturities of the note payable as of December 31, are as follows:

Year Ending December 31,	Amount
2019	\$ 730,424
2020	70,327
2021	73,046
2022	<u>1,281,104</u>
<b>Total</b>	<u>\$ 2,154,901</u>

BRAC has a financial debt covenant associated with the above notes payable, whereas BRAC must maintain a debt service coverage ratio of at least 1.20 to 1. The term "Debt Service Coverage Ratio" means BRAC's change in unrestricted net assets plus restricted building campaign funds received plus depreciation plus amortization plus any other non-cash charges plus interest expense divided by all contractually obligated principal payments plus interest paid during the year. As of December 31, 2018, BRAC was in compliance with this covenant.

#### Note 9. Operating Leases

BRAC has operating leases for office space and equipment. The amount paid during the year for these leases in 2018 and 2017, was \$85,866 and \$52,211, respectively. Future minimum lease payments are as follows:

Years Ending December 31,	Amount
2019	\$ 11,925
2020	9,147
2021	3,324
2022	<u>1,939</u>
<b>Total</b>	<u>\$ 26,335</u>

## **BATON ROUGE AREA CHAMBER**

### **Notes to Consolidated Financial Statements**

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#### **Note 10. Concentrations of Credit Risk**

BRAC periodically maintains cash in bank accounts in excess of federally insured limits. BRAC has not experienced any losses and does not believe that significant credit risks exist as a result of this practice. At December 31, 2018 and 2017, \$1,344,828 and \$2,009,410, respectively, of cash and cash equivalents are uninsured.

#### **Note 11. Income Taxes**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. BRAC believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in general and administrative expenses.

#### **Note 12. Commitments**

BRAC has entered into a contract with an architect and contractor for the design and construction of renovations to its building. The contract includes a guaranteed maximum price of \$2,275,366 after change orders. BRAC had paid \$2,161,598 towards this contract as of December 31, 2018. Construction is expected to be completed in January 2019.

#### **Note 13. Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued June 25, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

## Independent Auditor's Report on Supplementary Information

To the Board of Directors  
Baton Rouge Area Chamber and  
The Greater Baton Rouge Economic Partnership, Inc.  
Baton Rouge, Louisiana

We have audited the consolidated financial statements of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon which contains an unmodified opinion on those consolidated financial statements. See pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position as of December 31, 2018 consolidating statement of activities for the year ended December 31, 2018 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A.(3) is also presented for purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



A Professional Accounting Corporation

Baton Rouge, LA  
June 25, 2019

**BATON ROUGE AREA CHAMBER**  
**Consolidating Statement of Financial Position**  
**December 31, 2018**

**Schedule I**

	<b>BRAC</b>	<b>GBREP</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 1,140,706	\$ 787,150	\$ -	\$ 1,927,856
Membership Investments Receivable, Net	99,217	-	-	99,217
Other Receivables	37,625	42,632	-	80,257
Due from Related Party	-	2,901,599	(2,885,949)	15,650
Prepaid Expenses	14,274	5,947	-	20,221
<b>Total Current Assets</b>	<b>1,291,822</b>	<b>3,737,328</b>	<b>(2,885,949)</b>	<b>2,143,201</b>
<b>Property and Equipment, Net</b>	<b>3,363,320</b>	<b>-</b>	<b>-</b>	<b>3,363,320</b>
<b>Total Assets</b>	<b>\$ 4,655,142</b>	<b>\$ 3,737,328</b>	<b>\$ (2,885,949)</b>	<b>\$ 5,506,521</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Funds Held in Custody	\$ -	\$ 161,877	\$ -	\$ 161,877
Accounts Payable	100,385	24,788	-	125,173
Accrued Expenses	96,202	-	-	96,202
Retainage Payable	113,768	-	-	113,768
Due to Related Party	2,885,949	-	(2,885,949)	-
Current Maturities of Notes Payable, Net	730,424	-	-	730,424
Unearned Revenue	256,227	41,125	-	297,352
<b>Total Current Liabilities</b>	<b>4,182,955</b>	<b>227,790</b>	<b>(2,885,949)</b>	<b>1,524,796</b>
<b>Notes Payable, Net of Current Maturities</b>	<b>1,415,098</b>	<b>-</b>	<b>-</b>	<b>1,415,098</b>
<b>Total Liabilities</b>	<b>5,598,053</b>	<b>227,790</b>	<b>(2,885,949)</b>	<b>2,939,894</b>
<b>Net Assets</b>				
Without Donor Restrictions				
Undesignated	(1,685,997)	3,509,538	-	1,823,541
Designated by the Board for Reserve Fund	743,086	-	-	743,086
<b>Total Net Assets</b>	<b>(942,911)</b>	<b>3,509,538</b>	<b>-</b>	<b>2,566,627</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,655,142</b>	<b>\$ 3,737,328</b>	<b>\$ (2,885,949)</b>	<b>\$ 5,506,521</b>

See independent auditor's report on supplementary information.

**BATON ROUGE AREA CHAMBER  
Consolidating Statement of Activities  
For the Year Ended December 31, 2018**

**Schedule II**

	<b>BRAC</b>	<b>GBREP</b>	<b>Eliminations</b>	<b>Total</b>
<b>Changes in Net Assets Without Donor Restrictions</b>				
<b>Revenues</b>				
Contributions	\$ 2,413,183	\$ 487,234	\$ -	\$ 2,900,417
In-Kind Contributions	774,437	-	-	774,437
Event Admissions and Sponsorships	396,864	54,935	-	451,799
Membership Dues	397,608	-	-	397,608
Leadership Program	-	85,875	-	85,875
Grants				
City of Baton Rouge/Parish of East Baton Rouge	-	350,000	-	350,000
Louisiana Economic Development	-	160,450	-	160,450
Other	83,500	34,999	-	118,499
Baton Rouge Area Foundation	30,000	-	-	30,000
In-Kind Operational Contributions	-	1,406,622	(1,406,622)	-
Interest Income	10,004	-	-	10,004
Other Income	101,018	688	-	101,706
<b>Total Revenues</b>	<b>4,206,614</b>	<b>2,580,803</b>	<b>(1,406,622)</b>	<b>5,380,795</b>
<b>Net Assets Released from Donor Restrictions</b>	<b>489,125</b>	<b>-</b>	<b>-</b>	<b>489,125</b>
<b>Total Revenues and Reclassifications</b>	<b>4,695,739</b>	<b>2,580,803</b>	<b>(1,406,622)</b>	<b>5,869,920</b>
<b>Expenses</b>				
<b>Program Services</b>				
Business Development	308,641	910,303	-	1,218,944
Marketing, Membership, and Events	1,535,422	237,845	-	1,773,267
Economic Competitiveness	407,284	231,338	-	638,622
Governmental Affairs	148,775	94,677	-	243,452
<b>Total Program Services</b>	<b>2,400,122</b>	<b>1,474,163</b>	<b>-</b>	<b>3,874,285</b>
<b>General and Administrative</b>				
Personnel	466,562	226,976	-	693,538
Professional Services	122,276	5,196	-	127,472
General Office	93,534	90,104	-	183,638
Occupancy	98,480	82,472	-	180,952
Bad Debt	117,977	-	-	117,977
Travel and Hosting	76,343	18,125	-	94,468
Other	49,605	22,496	-	72,101
Interest Expense	47,986	1,740	-	49,726
In-Kind Operational Contributions	1,406,622	-	(1,406,622)	-
<b>Total General and Administrative</b>	<b>2,479,385</b>	<b>447,109</b>	<b>(1,406,622)</b>	<b>1,519,872</b>
<b>Total Expenses</b>	<b>4,879,507</b>	<b>1,921,272</b>	<b>(1,406,622)</b>	<b>5,394,157</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(183,768)</b>	<b>659,531</b>	<b>-</b>	<b>475,763</b>
<b>Changes in Net Assets With Donor Restrictions</b>				
<b>Revenues</b>				
Contributions	489,125	-	-	489,125
Net Assets Release from Donor Restrictions	(489,125)	-	-	(489,125)
<b>Change in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Total Net Assets</b>	<b>\$ (183,768)</b>	<b>\$ 659,531</b>	<b>\$ -</b>	<b>\$ 475,763</b>

See independent auditor's report on supplementary information.

**BATON ROUGE AREA CHAMBER**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Chief Executive Officer**  
**For the Year Ended December 31, 2018**

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**Schedule III**

**Chief Executive Officer**  
Adam Knapp

<b>Purpose</b>	<b>Amount</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Taxes	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report on supplementary information.

**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**

Independent Auditor's Report

To the Board of Directors  
Baton Rouge Area Chamber and  
The Greater Baton Rouge Economic Partnership, Inc.  
Baton Rouge, Louisiana

We have audited, in accordance with the 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, the consolidated financial statements of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. (collectively referred to as BRAC), as of and for the year ended December 31, 2018, and the related notes to the consolidated financial statements, which collectively comprise BRAC's basic consolidated financial statements, and have issued our report thereon dated June 25, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered BRAC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of BRAC's internal control. Accordingly, we do not express an opinion on the effectiveness of BRAC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BRAC's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **BRAC's Response to Findings**

BRAC's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. BRAC's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA  
June 25, 2019

**BATON ROUGE AREA CHAMBER  
Schedule of Findings and Responses  
For the Year Ended December 31, 2018**

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**Part I - Summary of Auditor's Results**

Financial Statement Section

- |   |            |
|---|------------|
| 1. Type of Auditor's Report Issued:                       | Unmodified |
| 2. Internal Control Over Financial Reporting:             |            |
| a. Material Weakness (es) Identified?                     | Yes        |
| b. Significant Deficiency (ies) Identified?               | Yes        |
| 3. Non-compliance Material to Financial Statements Noted? | No         |

Federal Awards Section - Not Applicable

**Part II - Financial Statement Findings Section**

2018-001 Accrued Expenses

*Condition:* A material weakness in internal control over financial reporting is present due to a material amount of costs incurred during the year ended December 31, 2018, but paid in 2019 that were not properly accrued at December 31, 2018.

*Criteria:* The consolidated financial statements are presented on the accrual basis and recognition of costs when incurred.

*Effect:* A material understatement of expenses and accounts payable and corrected through an audit adjusting entry.

*Cause:* Oversight by the accounting department

*Recommendation:* We recommend that invoices received subsequent to year end be reviewed to determine if accrual is necessary based on the invoice date and/or date of service provided.

*Views of Responsible*

*Officials:* BRAC will review invoices received subsequent to year end over \$1,000 to ensure all material costs are properly accrued.

**BATON ROUGE AREA CHAMBER  
Schedule of Findings and Responses  
For the Year Ended December 31, 2018**

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**Part II - Financial Statement Findings Section (Continued)**

2018-002 Timely Reconciliations

*Condition:* A significant deficiency in internal control over financial reporting is present as a majority of the reconciliations for at December 31, 2018 and for the year then ended did not occur until after audit fieldwork began. Accounts that were not reconciled prior to audit fieldwork beginning included prepaids, accounts receivable other, membership dues receivables, due to/from related party, property and equipment and related depreciation, accounts payable, accrued compensated absences, bonus payable, unearned leadership, unearned membership dues, notes payable, other income, economic campaign donations, grant revenue, net assets, and in-kind revenue and expenses.

*Criteria:* Significant accounts should be reconciled on a timely basis.

*Effect:* Although the total net income effect of the client requested entries did not reach the level of materiality. The amount of unreconciled accounts and required client determined entries is significant and resulted in delayed completion of the audit, required audit re-work, and additional audit costs.

*Cause:* Limited number of accounting staff at BRAC

*Recommendation:* We recommend a monthly checklist be put into place and followed to ensure reconciliation of the accounts listed above occur on a monthly basis.

*Views of Responsible*

*Officials:* BRAC will develop a monthly reconciliation checklist to follow to ensure accounts are reconciled timely and on a monthly basis.

**BATON ROUGE AREA CHAMBER  
Schedule of Prior Year Findings and Responses  
For the Year Ended December 31, 2018**

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None.

## AGREED-UPON PROCEDURES REPORT

Baton Rouge Area Chamber and  
The Greater Baton Rouge Economic Partnership

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

**For the Period of January 1, 2018 - December 31, 2018**

To Baton Rouge Area Chamber, The Greater Baton Rouge Economic Partnership, Inc., and Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership (the Chamber) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2018 through December 31, 2018. The Chamber's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

### ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: We reviewed the Chamber's policies and procedures that addresses all applicable financial/business functions. LaPorte noted that the Chamber is not subject to public bid law and, therefore, there were no policies regarding public bid law.

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement, and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: For each of the items selected, the elements in a) and b) were satisfied without exception per review of the bank reconciliations and the monthly checklist evidencing preparation and review of the bank reconciliations. There were no reconciling items that had been outstanding for more than 12 months from the statement closing date.

## ***Collections***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

Results: Obtained the list of deposit sites for the fiscal period where deposits for cash/checks/money orders are prepared and management's representation that the listing is complete. Selected both sites for testing.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: Obtained a listing of collection locations and management's representation that the listing is complete. For the three locations selected, observed that each of the elements listed in a) through d) were satisfied without exception.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: Based on inquiry, all employees who have access to cash are covered by insurance policy for theft.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

Results: For each of the randomly selected items, the elements in a) through c), as well as e), were satisfied without exception. For four of the eight selected items, LaPorte was unable to test whether checks were deposited within one day of receipt as documentation was not kept that indicated when checks were received. Processes were put into place to track the date checks were received in July 2018. The remaining four items were deposited within one business day.

### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Per inquiry, there were no misappropriations of public funds or assets during the fiscal period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: Per observation, MCRA had the notice posted on the premises and on the website.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform, and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA  
June 23, 2019



## Baton Rouge Area Chamber®

564 Laurel Street  
Baton Rouge, LA 70801  
P 225.381.7125  
F 225.336.4306  
[BRAC.ORG](http://BRAC.ORG)

June 23, 2019

LaPorte, A Professional Accounting Corporation  
10000 Perkins Rowe, Suite 200  
Baton Rouge, LA 70810

Ref: Management's Response to Statewide Agreed Upon Procedures (SAUPs)

Please find below Baton Rouge Area Chamber and Greater Economic Partnership, Inc (the Chamber) responses to the SAUPs performed by LaPorte, APAC for the period January 1, 2018 to December 31, 2018.

### Collections

1. For 4 of the 8 selected items, LaPorte was unable to test whether checks were deposited within one day of receipt as documentation was not kept that indicated when checks were received. Processes were put into place to track the date checks were received in July 2018.

### **Management's Response:**

**Management agrees with the finding. We updated our Internal Controls to ensure the date received is tracked in July 2018. All subsequent checks received were noted with a date received and signature.**

BATON ROUGE AREA CHAMBER AND GREATER ECONOMIC PARTNERSHIP, INC.

Achilles Williams, Chief Financial Officer