

Chamber of Southwest Louisiana

COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors
Chamber of Southwest Louisiana
Southwest Louisiana Partnership for Economic Development
Southwest Louisiana Alliance Foundation, Inc.
Lake Charles, Louisiana

We have audited the accompanying combined statement of assets, liabilities, and net assets - cash basis of the Chamber of Southwest Louisiana, the Southwest Louisiana Partnership for Economic Development, and the Southwest Louisiana Alliance Foundation, Inc. (the Chamber) (nonprofit organizations) as of December 31, 2018, and the related combined statement of revenue, expenses, and other changes in net assets - cash basis and combined statement of functional expenses - cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the combined assets, liabilities, and net assets of the Chamber, as of December 31, 2018, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019, on our consideration of the Chamber'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 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 Chamber's internal control over financial reporting and compliance.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining financial statements and the schedule of compensation, benefits, and other payments to agency head or chief executive officer listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Chamber. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Chamber's 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 26, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Lake Charles, Louisiana
June 17, 2019

**The Chamber of Southwest Louisiana
 COMBINED STATEMENTS OF ASSETS,
 LIABILITIES, AND NET ASSETS - CASH BASIS
 December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,671,177	\$ 1,563,822
Prepaid expenses	<u> -</u>	<u> 25,828</u>
Total Current Assets	<u>1,671,177</u>	<u>1,589,650</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures, and equipment	406,457	400,466
Accumulated depreciation	<u>(360,381)</u>	<u>(327,358)</u>
Net Property and Equipment	<u>46,076</u>	<u>73,108</u>
TOTAL ASSETS	<u>\$ 1,717,253</u>	<u>\$ 1,662,758</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Liabilities	<u>\$ 3,709</u>	<u>\$ -</u>
Total Current Liabilities	<u>3,709</u>	<u>-</u>
NET ASSETS		
Without donor restrictions	1,568,365	1,578,481
With donor restrictions	<u>145,179</u>	<u>84,277</u>
Total Net Assets	<u>1,713,544</u>	<u>1,662,758</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,717,253</u>	<u>\$ 1,662,758</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND
OTHER CHANGES IN NET ASSETS - CASH BASIS
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Changes in Net Assets Without Donor Restrictions:		
Revenues and gains		
Membership dues	\$ 759,787	\$ 722,702
SWLA on the Move Campaign	934,098	850,536
Programs	961,122	553,464
Rental Income	137,530	172,926
Grants	282,157	341,498
Interest income	2,349	2,627
Total Revenues and Gains Without Donor Restrictions	<u>\$3,077,043</u>	<u>\$2,643,753</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>63,535</u>	<u>59,933</u>
Total Revenue, Gains, and Other Support Without Donor Restrictions	3,140,578	2,703,686
Expenses		
Program service	2,952,499	2,449,960
Management and general	157,607	149,110
Fundraising	<u>40,588</u>	<u>34,971</u>
Total Expenses	3,150,694	2,634,041
Increase (Decrease) in Net Assets Without Donor Restrictions	(10,116)	69,645
Changes in Net Assets With Donor Restrictions:		
Programs	124,437	49,000
Net assets released from restrictions	<u>(63,535)</u>	<u>(59,933)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>60,902</u>	<u>(10,933)</u>
Increase (Decrease) in Net Assets	50,786	58,712
Net Assets at Beginning of Year	<u>1,662,758</u>	<u>1,604,046</u>
Net Assets at End of Year	<u>\$1,713,544</u>	<u>\$1,662,758</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
COMBINED STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
Years Ended December 31, 2018 and 2017

	2018				2017			
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 286,416	\$ -	\$ -	\$ 286,416	\$ 293,720	\$ -	\$ -	\$ 293,720
Auto	22,276	2,475	-	24,751	27,334	3,037	-	30,371
Depreciation	29,722	3,302	-	33,024	31,932	3,548	-	35,480
Dues and subscriptions	22,836	-	-	22,836	19,252	-	-	19,252
Employee training	13,334	1,481	-	14,815	14,728	1,636	-	16,364
Employee benefits	131,905	15,169	4,794	151,868	116,581	12,632	3,782	132,995
Insurance	14,414	1,602	-	16,016	11,373	1,264	-	12,637
Miscellaneous	601	-	-	601	362	-	-	362
Office	112,951	12,550	-	125,501	127,112	14,124	-	141,236
Outside service	1,790	-	-	1,790	1,900	-	-	1,900
Payroll taxes	66,077	7,599	2,402	76,078	64,428	6,981	2,090	73,499
Printing and reproduction	634	70	-	704	7,884	876	-	8,760
Professional fees	24,615	2,735	-	27,350	23,895	2,655	-	26,550
Program expenses (Note D)	1,125,915	-	-	1,125,915	638,443	-	-	638,443
Rent	133,435	3,476	-	136,911	103,030	3,476	-	106,506
Repairs and maintenance	3,042	-	-	3,042	9,594	-	-	9,594
Salaries	918,675	105,648	33,392	1,057,715	896,984	97,189	29,099	1,023,272
Travel	30,361	-	-	30,361	46,180	-	-	46,180
Telephone	13,500	1,500	-	15,000	15,228	1,692	-	16,920
TOTAL EXPENSES	<u>\$2,952,499</u>	<u>\$ 157,607</u>	<u>\$ 40,588</u>	<u>\$3,150,694</u>	<u>\$2,449,960</u>	<u>\$ 149,110</u>	<u>\$ 34,971</u>	<u>\$2,634,041</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying financial statements reflect the combined financial statements of the Chamber of Southwest Louisiana (the Chamber) and all related entities as described below. The nominating committee of the Chamber elects the board of directors of the Chamber. The board of directors for the Southwest Louisiana Alliance Foundation, Inc. includes the Chamber board of directors along with other elected officials. The Partnership board of directors is comprised of three appointed members by each police jury in the district and the mayors of all incorporated municipalities within the district. The Chamber and the other entities share a common Executive Director, facilities, and personnel. Material interorganization transactions and balances have been eliminated.

Nature of Activities

The combined financial statements include the accounts of the Chamber of Southwest Louisiana, the Southwest Louisiana Economic Development Alliance, and the Southwest Louisiana Partnership for Economic Development, Inc.

The Chamber of Southwest Louisiana, a nonprofit organization incorporated under the laws of the State of Louisiana, is exempt from federal income tax under section 501(c) 6 of the Internal Revenue Code. The Chamber's primary activity is acquiring members to promote ongoing regional development to cultivate a higher quality of life for all citizens. The Southwest Louisiana economic region served by the Chamber includes the parishes of: Calcasieu, Cameron, Beauregard, Allen and Jefferson Davis.

Southwest Louisiana Alliance Foundation, Inc., a nonprofit organization incorporated under the laws of the State of Louisiana, is exempt from federal income tax under Section 501(c) 3 of the Internal Revenue Code. The Alliance's primary activity is promoting the SWLA on the Move Campaign to further the economic welfare and development of the Southwest Louisiana region. It is an affiliate of the Chamber SWLA and is designed to supplement the industrial, business, and commercial development activities of that organization.

Southwest Louisiana Partnership for Economic Development, Inc., a nonprofit organization incorporated under the laws of the State of Louisiana, is exempt from federal income tax under section 501(c) 6 of the Internal Revenue Code. The Partnership's primary activity is acquiring Louisiana Economic Development grants to stimulate economic growth, quality of life, and job creation in the surrounding five parish area.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under GAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis, certain revenues and the related assets are recognized when received rather than when earned, and expenses and the purchase of assets are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized receivables from various agencies and members or accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

Use of estimates

The preparation of financial statements for the Chamber requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash on hand, demand deposits, and all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Support and Revenue

Contributions are recognized when the donation is received by the Organization that is, in substance, unconditional. 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributed Materials and Services

Donated materials, supplies, and advertising are reflected in the financial statements at their estimated values at the date of receipt. \$94,045 has been included in revenues for year ending December 31, 2018 with a corresponding charge to program expenses. Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advertising Costs

The Organization uses advertising to promote Southwest Louisiana in order to increase economic growth and quality of life for the region. Advertising costs are charged to operations when incurred. Total advertising costs for the year ended December 31, 2018 amounted to \$286,416.

Property and Equipment

It is the Chamber's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Assets donated with explicit restrictions regarding their use, as well as contributions of cash that must be used to acquire property and equipment, are reported as contributions with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Property and equipment are depreciated using the straight-line method with the following useful lives:

Furniture, fixtures, and equipment	3-7 years
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Depreciation expense for the year ending December 31, 2018 was \$33,024.

Compensated Absences

Vacation, compensation time, and sick leave are recorded as expenditures of the period in which they are paid. Employees can carry over no more than 40 hours of paid time off from one calendar year to the next and can accrue no more than 80 hours unused leave in any three year period of service. Upon termination of employment, the employee will be paid for any unused paid time off. Employees are able to accrue 24 hours of unused sick leave from one calendar year to the next. However, there will be no payment of unused sick leave upon separation of employment.

Cost Allocation

The cost of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. This requires the allocation of certain cost between programs and supporting services based on estimates made by management. The expenses that are allocated on the basis of estimates of time and effort include compensation and benefits, auto, depreciation, employee training and benefits, insurance, office, professional fees, and rent.

NOTE B – LEASING ARRANGEMENTS

The Chamber entered into a lease agreement with McNeese State University for the SEED Center on May 17, 2013. The lease is effective until December 31, 2043. Minimum annual rent beginning the effective date of the lease is \$33,755. In accordance with the lease agreement, rent is adjusted annually to reflect lease operating costs. The total rent expense for the year ending December 31, 2018 was \$34,913.

The Chamber of Southwest Louisiana
 NOTES TO COMBINED FINANCIAL STATEMENTS
 December 31, 2018

NOTE B – LEASING ARRANGEMENTS – CONTINUED

The following is a schedule of future minimum rental payments required for the lease with McNeese State University as of December 31, 2018:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$33,755
2020	33,755
2021	33,755
2022	33,755
2023	33,755
Thereafter	<u>675,100</u>
	<u>\$843,875</u>

The Chamber has agreed to sublease a portion of the space it occupies in the SEED Center to the Imperial Calcasieu Regional Planning & Development Commission (IMCAL). The sublease expired on July 31, 2018 and was renewed for an additional 5 years with the new expiration being July 31, 2023. The total rental income for the year ending December 31, 2018 from IMCAL was \$27,500 (only 11 months of rent was collected in 2018) and the total rental expense to McNeese State University for this space was \$13,474. Minimum rentals on the operating lease with IMCAL for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$30,000
2020	30,000
2021	30,000
2022	30,000
2023	<u>17,500</u>
Total	<u>\$137,500</u>

As part of the Business Incubator Program, the Chamber is responsible for leasing out space to small businesses and providing specific assistance needed to help them grow into larger, more profitable businesses. Rent collected in 2018 in connection with this program was \$99,615. The space for the program was leased from McNeese State University with total rent paid in the amount of \$88,524 for the year ending December 31, 2018, which included \$14,497 for 2017 rent.

NOTE C – RESTRICTIONS ON NET ASSETS

Board Restricted – The Chamber of Southwest Louisiana

In 2011, the Chamber sold their building and the Board of Directors approved the establishment of a board designated fund. The purpose of the fund is to segregate \$400,000 from the sale. There is no legal restriction requiring this, however it does require that the use of the funds will be decided by the Board of Directors. These funds were placed into separate checking accounts and the balance in these checking accounts as of December 31, 2018 were \$405,258.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2018

NOTE C – RESTRICTIONS ON NET ASSETS - CONTINUED

Donor Restricted - Southwest Louisiana Alliance Foundation, Inc.

The Foundation of Southwest Louisiana Alliance Foundation, Inc. has \$112,498 in donor restricted net assets as of December 31, 2018 for the following purposes:

<u>Program/Purpose</u>	<u>Amount</u>
Leader in Me Education Program	\$53,367
Business Incubator Pitch Competition	29,480
2019 Annual Banquet	19,000
ALCOA Grant Funds	8,221
Phillips 66 Grant Funds	<u>2,430</u>
Total Donor Restricted Net Assets	<u>\$112,498</u>

Donor Restricted – Southwest Louisiana Partnership for Economic Development, Inc.

The Southwest Louisiana Partnership for Economic Development, Inc. has \$32,681 in donor restricted net assets as of December 31, 2018 for the Site Certification Program. These net assets are to be used for Industrial Site Analyses and Site Certifications with the Louisiana Department of Economic Development.

NOTE D PROGRAM SERVICES

Activity for the Organizations’ major program activities for the year ending December 31, 2018 is as follows:

<u>Program/Event</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Activity</u>
Chamber Monthly Events	\$ 28,836	\$21,628	\$7,208
Business after Hours	7,858	2,322	5,536
Public Policy	37,500	112,875	(75,375)
Membership Directory	8,025	11,323	(3,298)
Small Business Expo	33,530	18,981	14,549
Annual Golf Tournament	57,719	24,441	33,278
LegisGator Luncheon	143,690	70,263	73,427
Women’s Business Network	4,950	6,845	(1,895)
Chamber Day	15,010	10,404	4,606
Annual Banquet	174,215	112,429	61,786
Leadership	32,000	31,662	338
Workforce Development	46,209	102,044	(55,835)
Business Incubator	66,668	80,671	(14,003)
Leader In Me	5,100	5,100	-
Horseshow Event for the Leader in Me Program	323,870	297,656	26,214
Site Certification Program	37,722	-	37,722
Economic Development	49,657	217,271	(167,614)
Management Fees	13,000	-	13,000
	<u>\$1,085,559</u>	<u>\$1,125,915</u>	<u>(\$40,356)</u>

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2018

NOTE E LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Cash and cash equivalents	\$1,671,177
Amounts due within one year	<u>(3,709)</u>
Financial assets at year-end	\$1,667,468
Less those unavailable for general expenditures within one year due to:	
Board designated funds	(405,258)
Donor-restricted for educational programs	(61,588)
Donor-restricted for future projects	(48,480)
Donor-restricted for specific programs	<u>(35,111)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,117,031</u>

NOTE F – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash accounts in commercial banks. Cash is secured by FDIC insurance up to \$250,000 at each financial institution. Cash balances not insured by FDIC coverage at December 31, 2018 were \$151,462.

The Organization receives a substantial amount of its support from governmental agencies, the SWLA on the Move campaign, and membership dues from entities located in the Southwest Louisiana area. A significant reduction in this support, if it were to occur, would affect the Chamber's programs and activities.

NOTE G – RETIREMENT PLAN

During the year ended December 31, 2018 the Organization made available to eligible employees the opportunity to participate in a defined contribution retirement plan. The Organization matches employee contributions up to 5% of employee compensation. Retirement expense for the year ended December 31, 2018 was \$20,496.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2018

NOTE H – PRIOR PERIOD INFORMATION

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Chamber's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE I – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 17, 2019, the date when the financial statements were available to be issued.

**The Chamber of Southwest Louisiana
COMBINING STATEMENTS OF ASSETS,
LIABILITIES, AND NET ASSETS - CASH BASIS
December 31, 2018**

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 1,036,116	\$ 584,868	\$ 50,193	\$ -	\$ 1,671,177
Due from affiliates					
Southwest LA Alliance Foundation, Inc.	259,426	-	-	(259,426)	-
Southwest LA Partnership for Economic Development, Inc.	38,477	29,616	-	(68,093)	-
Property and equipment					
Furniture, fixtures, and equipment	54,377	339,940	12,140	-	406,457
Accumulated depreciation	(52,980)	(295,261)	(12,140)	-	(360,381)
	<u>1,397</u>	<u>44,679</u>	<u>-</u>	<u>-</u>	<u>46,076</u>
TOTAL ASSETS	<u>\$ 1,335,416</u>	<u>\$ 659,163</u>	<u>\$ 50,193</u>	<u>\$ (327,519)</u>	<u>\$ 1,717,253</u>
LIABILITIES					
Payroll liabilities	\$ 3,709	\$ -	\$ -	\$ -	\$ 3,709
Due to affiliates					
Southwest LA Alliance Foundation, Inc.	-	-	29,616	(29,616)	-
The Chamber of Southwest LA	<u>-</u>	<u>259,426</u>	<u>38,477</u>	<u>(297,903)</u>	<u>-</u>
Total Liabilities	3,709	259,426	68,093	(327,519)	3,709
NET ASSETS (DEFICIT)					
Without donor restrictions	1,331,707	287,239	(50,581)	-	1,568,365
With donor restrictions	<u>-</u>	<u>112,498</u>	<u>32,681</u>	<u>-</u>	<u>145,179</u>
Total Net Assets	<u>1,331,707</u>	<u>399,737</u>	<u>(17,900)</u>	<u>-</u>	<u>1,713,544</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,335,416</u>	<u>\$ 659,163</u>	<u>\$ 50,193</u>	<u>\$ (327,519)</u>	<u>\$ 1,717,253</u>

See Independent Auditors' Report

The Chamber of Southwest Louisiana
COMBINING STATEMENTS OF REVENUES, EXPENSES,
AND OTHER CHANGES IN NET ASSETS - CASH BASIS
For the year ended December 31, 2018

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
REVENUES					
Membership dues	\$ 759,787	\$ -	\$ -	\$ -	\$ 759,787
SWLA on the Move campaign	-	934,098	-	-	934,098
Programs	539,691	508,145	37,723	-	1,085,559
Rental income	-	137,530	-	-	137,530
Grants	-	25,317	256,840	-	282,157
Interest income	1,914	435	-	-	2,349
Total revenues	<u>1,301,392</u>	<u>1,605,525</u>	<u>294,563</u>	-	<u>3,201,480</u>
EXPENSES					
Total expenses	<u>1,157,138</u>	<u>1,733,398</u>	<u>260,158</u>	-	<u>3,150,694</u>
Change in net assets	144,254	(127,873)	34,405	-	50,786
Net assets at beginning of year - Cash Basis	<u>1,187,453</u>	<u>527,610</u>	<u>(52,305)</u>	-	<u>1,662,758</u>
Net assets at end of year - Cash Basis	<u>\$ 1,331,707</u>	<u>\$ 399,737</u>	<u>\$ (17,900)</u>	<u>\$ -</u>	<u>\$ 1,713,544</u>

See Independent Auditors' Report

The Chamber of Southwest Louisiana
COMBINING STATEMENTS OF EXPENSES - CASH BASIS
For the year ended December 31, 2018

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
Advertising	\$ 55,621	\$ 122,843	\$ 107,952	\$ -	\$ 286,416
Auto	21,902	2,849	-	-	24,751
Depreciation	1,251	31,773	-	-	33,024
Dues and subscriptions	15,882	6,914	40	-	22,836
Employee training	10,437	4,378	-	-	14,815
Employee benefits	74,378	77,490	-	-	151,868
Insurance	10,763	5,253	-	-	16,016
Miscellaneous	562	-	39	-	601
Office	94,457	31,044	-	-	125,501
Outside service	-	1,790	-	-	1,790
Payroll taxes	36,587	39,491	-	-	76,078
Printing and reproduction	353	351	-	-	704
Professional fees	11,675	11,675	4,000	-	27,350
Program expenses (Note D)	409,436	632,765	83,714	-	1,125,915
Rent	21,788	115,123	-	-	136,911
Repairs and maintenance	519	2,523	-	-	3,042
Salaries	362,322	631,268	64,125	-	1,057,715
Travel	18,064	12,009	288	-	30,361
Telephone	11,141	3,859	-	-	15,000
	<u>\$ 1,157,138</u>	<u>\$ 1,733,398</u>	<u>\$ 260,158</u>	<u>\$ -</u>	<u>\$ 3,150,694</u>

See Independent Auditors' Report

The Chamber of Southwest Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

For the Year ended December 31, 2018

AGENCY HEAD NAME: George Swift, Executive Director

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$147,431
Benefits	
Insurance	9,345
Car Allowance	7,200
Fuel Purchases	1,762
Conference Travel	<u>18,380</u>
TOTAL	<u><u>\$184,118</u></u>

INDEPENDENT AUDITORS' 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 Boards of Directors
Chamber of Southwest Louisiana
Southwest Louisiana Partnership for Economic Development
Southwest Louisiana Alliance Foundation, Inc.
Lake Charles, Louisiana

We have audited, 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, the combined financial statements of the Chamber of Southwest Louisiana, the Southwest Louisiana Partnership for Economic Development, and the Southwest Louisiana Alliance Foundation, Inc. (the Chamber) (nonprofit organizations), which comprise of the combined statement of assets, liabilities, and net assets - cash basis as of December 31, 2018, and the related combined statement of revenue, expenses, and other changes in net assets – cash basis and combined statement of functional expenses – cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated June 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chamber'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control. Accordingly, we do not express an opinion of the effectiveness of the Chamber's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination or deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency listed as item 2018-1.

Compliance and Other Matters

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

Chamber's Response to Findings

The Chamber's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Chamber's response was not subjected to the auditing procedures applied in the audit of the 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lake Charles, Louisiana
June 17, 2019

Chamber of Southwest Louisiana
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

Section I – Summary of Auditors’ Results
December 31, 2018

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? yes no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? yes no
- Noncompliance material to financial statements noted? yes no

Section II – Financial Statement Findings

Current Audit
2018-1

Special Events

Criteria: In March of 2018, the Board of Directors approved participation in a Charity Horse Show for the Leader in Me Program where LeBocage Stables, LLC would be the underwriter of costs associated with the charity event and the proceeds would go to the Leader in Me Program. The SWLA Alliance Foundation would seek sponsors, assist with securing pony rides and food trucks to make it a successful family event.

Condition: The Alliance Foundation raised a total of \$323,870 for the Charity Horse Show and paid a total of \$297,656 in expenditures for the event. Included in the expenditures was a payment of \$200,000 to LeBocage Stables, LLC. The payment was based on an invoice dated December 20, 2018 that listed the following descriptions:

Arena & Infrastructure	\$85,591.08
VIP & Festival Rental Items	41,409.85
Show Jumping Competition Expenses	30,142.45
Overall General Expenses	27,423.97
Facility Use	<u>15,432.65</u>
Total Invoice	<u>\$200,000.00</u>

Effect: This payment brings into question the payment of “costs associated with the event” as approved by the Board of Directors. It is our finding that only costs associated directly with the event should be paid from funds raised for the event.

SCHEDULE OF FINDINGS AND RESPONSES

Section II – Financial Statement Findings (continued)

Recommendation: We recommend the Organization review supporting documentation upon the reimbursement of event costs to ensure all costs are directly attributable to the specific event. We also recommend the Organization consider a request for reimbursement for any costs paid that were not directly attributable to the event. In addition, we recommend the Organization obtain an underwriter contract or commitment for future events whose costs are being underwritten. The Organization should also prepare and submit a budget when requesting approval to participate in an event.

Response: This was the first year of the Horse Show event that the Organization felt would raise awareness to their programs. Approximately \$25,000 net profit was cleared, which in the Organization's opinion was successful. All costs associated with the event were necessary in order to conduct the event. The Organization has no plans to sponsor this event in the future because of requirements for staffing the event.

Prior Audit

2017-1

Business Incubator Program

Condition: During our audit, we discovered monthly lease payments were not remitted to McNeese State University in a timely manner.

Response: The Organization will begin remitting Incubator monthly tenant rent at the same time their administrative rent is paid instead of when the Incubator tenant rent is collected.

2017-2

Payroll Taxes

Criteria: Federal payroll tax deposits should be made in accordance with the Semiweekly Deposit Schedule provided in the Internal Revenue Service Circular E. The Louisiana tax deposits should be made monthly. State and Federal Unemployment deposits should be made quarterly. Accurate, quarterly returns should be filed.

Response: Management has implemented procedures to ensure timely, accurate reporting and payments of payroll taxes and withholdings.

2017-3

Invoice Approval Documentation

Condition: During our audit, we discovered 30 disbursements totaling \$76,581 did not include an approved check request or invoice with the supporting detail for the cash disbursement.

Response: The Organization will ensure all cash disbursements are approved prior to payment and the supporting detail includes the necessary approval documentation.

2017-4

Paid Invoices

Condition: During our audit, we discovered 2 invoices totaling \$7,864 were paid twice in error.

Response: The Organization will begin using the purchase accounting module in the accounting software as well as attaching a copy of the paid check stub to each paid invoice.

Stulb & Associates, APAC

Certified Public Accountants

James F. Stulb, C.P.A.
Kristine S. Carter, C.P.A.

The Board of Directors
Chamber of Southwest Louisiana
Southwest Louisiana Partnership for Economic Development
Southwest Louisiana Alliance Foundation, Inc.
Lake Charles, Louisiana

In planning and performing our audit of the financial statements of The Chamber of Southwest Louisiana, the Southwest LA Alliance Foundation, Inc., and the Southwest LA Partnership for Economic Development (the Chamber) for the year ended December 31, 2018; we considered its internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. This letter does not affect our report dated June 17, 2019.

Credit Card Data Entry

During our audit, we discovered that the Chamber reconciles the credit card statements on a monthly basis, however maintains a separate spreadsheet to calculate the posting into Quick Books. In order to be more efficient, we recommend posting each transaction into Quick Books directly. The supporting documentation should be reconciled on a monthly basis to the credit card statement and the general ledger.

FDIC Limits

During our audit, we discovered the Chamber has more than \$250,000 at Capital One Bank. We recommend the organization transfer funds to another bank or enroll in an insured account to ensure all funds are properly covered by FDIC.

Cancelled Checks

One of the Organization's banks has stopped sending copies of cancelled checks with each monthly bank statement. The Organization does have access to copies of the cancelled checks through online banking. We recommend the Organization obtain a copy of each cancelled check upon clearing the bank. The Organization should also include all of these cancelled checks when submitting the bank reconciliation and statements to the Treasurer for approval and same for purposes of the annual audit.

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Budget Monitoring

An annual budget is approved by the Board of Directors. As part of the monitoring process, monthly budget comparison schedules are reviewed by the Board of Directors. The budget, however, is not amended for variances in revenues and expenditures greater than 5 percent. We recommend the Organization monitor the budget on a monthly basis and address whether an amendment to the budget is necessary.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of management and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Stulb & Associates".

Lake Charles, Louisiana
June 17, 2019



June 21, 2019

2018 Audit Responses

1. **Credit Card Data Entry:** The organization will fully implement posting credit card transactions directly into QuickBooks by integrating a download module that interfaces with QuickBooks. Although this function is not entirely efficient, the organization will work with the download into excel and complete the analysis and balancing without manual data entry.
2. **FDIC Limits:** Although the Chamber SWLA has a sweep account on the operating checking account, there is an additional Money Market Account which included with the operating account, exceeds the FDIC limits. The Organization is in the process of opening an additional account elsewhere with an FDIC Insured Institute.
3. **Cancelled Checks:** Cancelled checks are not included in the bank statement nor is a CD of each image provided any longer by Capital One. The Organization will begin creating an electronic file with all checks clearing the bank for the statement period. The electronic file will be converted into a PDF file and attached to the bank statement for full review of the Board Treasurer and for the annual audit.
4. **Budget Monitoring:** The Executive Committee reviews the budget and monitors it on a monthly basis. The Organization and Treasurer will discuss variances in revenue and expenditures greater than 5% and make a decision with the Executive Committee to amend the budget for those variances during the fourth quarter or as deemed necessary.

Sincerely,

George Swift
President/CEO



4310 Ryan Street • Lake Charles, Louisiana
Mailing Address: PO Box 3110, Lake Charles, LA 70602-3110
Phone: 337.433.3632 • Fax: 337.436.3727
www.allianceswla.org

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the Chamber of Southwest Louisiana, the Southwest Louisiana Partnership for Economic Development Inc., and the Southwest Louisiana Alliance Foundation, Inc. (the Chamber) and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Chamber (Entity) 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 period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
We performed the procedures above and noted the following exceptions:
No written policy on monitoring or 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.
We performed the procedures above and noted the following exceptions:
No written policy for adding vendors to the vendor list.
 - c) ***Disbursements***, including processing, reviewing, and approving
We performed the procedure above and noted no exceptions.
 - d) ***Receipts***, including receiving, recording, and preparing deposits
We performed the procedure above and noted no exceptions.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
We performed the procedure above and noted no exceptions.

- 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.

*We performed the procedure above and noted the following exception:
No written policy for contracting.*

- 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, and (5) monitoring card usage

We performed the procedure above and noted no exceptions.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

We performed the procedure above and noted no exceptions.

- i) **Ethics**, not included as Ethics requirements are not applicable to nonprofits.

- j) **Debt Service**, not included as Debt Service is not applicable to the Entity.

Management's response:

1a) Budgeting: The Chamber is in the process of revising their fiscal policy to include written policies and procedures for adopting, monitoring, and amending the budget.

1b) Purchasing: The Chamber is in the process of revising their fiscal policy to include written policies and procedures for adding vendors in the accounting system.

1f) Contracting: The Chamber is in the process of revising their fiscal policy to include policies regarding written contracts, standard terms and conditions, legal review, and to establish an approval and monitoring process.

Board (or Finance Committee, if applicable)

There were no exceptions in this category during Year 1 therefore this category is excluded from testing in Year 2.

Bank Reconciliations

- 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 they were prepared within two months of the related statement closing date;

We performed the procedures above and noted no exceptions.

- b) Bank reconciliations include evidence that a member of management or a board member, who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; and

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

Collections

There were no exceptions in this category during Year 1 therefore this category is excluded from testing in Year 2.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

6. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
7. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

We performed the procedures above and noted the following exception:

The employee responsible for processing payments can also add a vendor into the accounting system.

8. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

We performed the procedures above and noted no exceptions.

Management's response:

7) Adding vendors: The Chamber is in the process of preparing fiscal policies that will describe procedures for adding vendors to the accounting system.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements

We performed the procedures above and noted no exceptions.

13. Using the monthly statements or combined statements selected above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:
- An original itemized receipt that identifies precisely what was purchased
 - Written documentation of the business/public purpose
 - Documentation of the individuals participating in meals (for meal charges only)

We performed the procedures above and noted no exceptions.

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or G/L is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov)
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement

We performed the procedures above and noted the following exceptions:

<u>Reimbursement</u>	<u># of Exceptions</u>	<u>Amount</u>
Exceeded per diem	1	\$36.35
No expense report or supporting documentations	1	\$500.00

Management's response:

14) Travel Reimbursements: Management will make additional efforts to ensure all travel reimbursements include the recommended written documentation.

Contracts

There were no exceptions in this category during Year 1 therefore this category is excluded from testing in Year 2.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We performed the procedures above and noted no exceptions.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

We performed the procedures above and noted no exceptions.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

We performed the procedures above and noted the following exceptions:

<u>Termination Pay</u>	<u>Agrees to Leave Records</u>	<u>Pay Rate Verified</u>
\$631.44	No	No

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We performed the procedures above and noted no exceptions.

Management's response:

18) Termination Payments: Management will make additional efforts to ensure all termination payments include the recommended written documentation.

Ethics (excluding Non-Profits)

Item 20 was not included as they are not applicable to the Entity.

Debt Service (excluding Non-Profits)

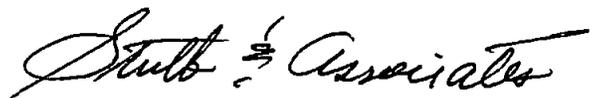
Items 21-22 were not included as they are not applicable to the Entity (No debt service).

Other

There were no exceptions in this category during Year 1 therefore this category is excluded from testing in Year 2.

We were not engaged to and did not conduct 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 result 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 Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Stulb & Associates". The signature is written in black ink and is positioned above the typed text.

Lake Charles, Louisiana

June 17, 2019