

Chamber of Southwest Louisiana

COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2017

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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, 2017, 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, 2017, 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 26, 2018, 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 2016 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Lake Charles, Louisiana
June 26, 2018

**The Chamber of Southwest Louisiana
COMBINED STATEMENT OF ASSETS,
LIABILITIES, AND NET ASSETS - CASH BASIS
December 31, 2017 and 2016**

	ASSETS	
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,563,821.76	\$ 1,500,163.34
Prepaid expenses	<u>25,827.94</u>	<u>-</u>
Total Current Assets	1,589,649.70	1,500,163.34
 RESTRICTED CASH	 -	 49,371.46
 PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	400,466.24	398,871.24
Accumulated depreciation	<u>(327,358.20)</u>	<u>(291,878.11)</u>
Net Property and Equipment	<u>73,108.04</u>	<u>106,993.13</u>
 TOTAL ASSETS	 <u>\$ 1,662,757.74</u>	 <u>\$ 1,656,527.93</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll liabilities	\$ -	\$ 52,482.20
Total Current Liabilities	-	52,482.20
 NET ASSETS		
Unrestricted	1,578,480.49	1,508,835.32
Temporarily restricted	<u>84,277.25</u>	<u>95,210.41</u>
Total Net Assets	<u>1,662,757.74</u>	<u>1,604,045.73</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,662,757.74</u>	 <u>\$ 1,656,527.93</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
 COMBINED STATEMENT OF REVENUE, EXPENSES,
 AND OTHER CHANGES IN NET ASSETS - CASH BASIS
 For the Year Ended December 31, 2017
 With Comparative Totals for the Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	2017	2016
REVENUES, GAINS, AND OTHER SUPPORT				
Membership dues	\$ 722,702.38	\$ -	\$ 722,702.38	\$ 781,638.42
SWLA on the Move campaign	850,536.00	-	850,536.00	906,076.00
Programs	-	602,464.10	602,464.10	669,890.24
Rental income	172,925.93	-	172,925.93	125,791.63
Grants	-	341,497.56	341,497.56	398,935.93
Interest income	2,626.86	-	2,626.86	1,416.45
Net assets released from restriction	<u>954,894.82</u>	<u>(954,894.82)</u>	<u>-</u>	<u>-</u>
 TOTAL REVENUES, GAINS, AND OTHER SUPPORT	 2,703,685.99	 (10,933.16)	 2,692,752.83	 2,883,748.67
 EXPENSES				
Program	2,449,960.26	-	2,449,960.26	2,516,773.79
Management and general	149,109.79	-	149,109.79	151,614.97
Fundraising	<u>34,970.77</u>	<u>-</u>	<u>34,970.77</u>	<u>47,841.44</u>
 TOTAL EXPENSES	 <u>2,634,040.82</u>	 <u>-</u>	 <u>2,634,040.82</u>	 <u>2,716,230.20</u>
 Change in Net Assets	 69,645.17	 (10,933.16)	 58,712.01	 167,518.47
 Net Assets at Beginning of Year - Cash Basis	 <u>1,508,835.32</u>	 <u>95,210.41</u>	 <u>1,604,045.73</u>	 <u>1,436,527.26</u>
 Net Assets at End of Year - Cash Basis	 <u>\$ 1,578,480.49</u>	 <u>\$ 84,277.25</u>	 <u>\$1,662,757.74</u>	 <u>\$1,604,045.73</u>

See notes to the combined financial statements.

The Chamber of Southwest Louisiana
 COMBINED STATEMENT OF
 FUNCTIONAL EXPENSES - CASH BASIS
 For the Year Ended December 31, 2017
 With Comparative Totals for the Year Ended December 31, 2016

	Program	Management & General	Fundraising	2017	2016
Advertising	\$ 293,719.50	\$ -	\$ -	293,719.50	206,321.78
Auto	27,334.50	3,037.17	-	30,371.67	35,259.63
Depreciation	31,932.08	3,548.01	-	35,480.09	35,400.29
Dues and subscriptions	19,251.90	-	-	19,251.90	26,035.41
Employee training	14,727.67	1,636.41	-	16,364.08	27,475.70
Employee benefits	116,581.53	12,631.73	3,781.97	132,995.23	109,249.77
Insurance	11,373.19	1,263.69	-	12,636.88	18,881.10
Miscellaneous	361.94	-	-	361.94	-
Office	127,111.76	14,123.53	-	141,235.29	107,470.68
Outside services	1,900.00	-	-	1,900.00	15,381.25
Payroll taxes	64,428.45	6,980.89	2,090.10	73,499.44	76,106.78
Printing and reproduction	7,884.18	876.02	-	8,760.20	11,866.95
Professional fees	23,895.00	2,655.00	-	26,550.00	23,150.00
Program expenses	638,443.12	-	-	638,443.12	892,126.27
Rent	103,029.67	3,476.20	-	106,505.87	112,270.84
Repairs and maintenance	9,593.72	-	-	9,593.72	12,606.94
Salaries	896,983.97	97,189.14	29,098.70	1,023,271.81	965,100.97
Travel	46,180.07	-	-	46,180.07	25,407.53
Telephone	15,228.01	1,692.00	-	16,920.01	16,118.31
	<u>\$ 2,449,960.26</u>	<u>\$ 149,109.79</u>	<u>\$ 34,970.77</u>	<u>\$ 2,634,040.82</u>	<u>\$ 2,716,230.20</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017

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, 2017

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.

Financial statement presentation

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Organization also prepares financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets consist of donor-restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose are recognized as revenue when received and such amounts are reported as temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are those net assets subject to donor-imposed stipulations that they be maintained permanently by the Chamber. Generally, the donors of these assets permit the Chamber to use all or part of the income earned on any related investments for general or specific purposes. Currently, the Chamber does not have any permanently restricted assets.

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.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Fair Value of Financial Instruments

The Chamber's financial instruments, none of which are held for trading purposes, include cash. The Chamber estimates that the fair value of all financial instruments at December 31, 2017, does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying Statement of Assets, Liabilities, and Net Assets – Cash Basis.

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 cost for the year ended December 31, 2017 amounted to \$293,720.

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. Such donations are reported as unrestricted contributions unless restricted by the donor. 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 restricted contributions. The Chamber reclassifies these restricted assets to unrestricted assets at such time that the purpose or time restriction is satisfied. Property and equipment are depreciated using the straight-line method with the following useful lives:

Furniture, fixtures, and equipment	3-7 years
Hardware and Software	3-7 years
Improvements	7-15 years

Depreciation expense for the year ending December 31, 2017 was \$35,480.

Contributed Materials and Services

Donated materials, supplies, and advertising are reflected in the financial statements at their estimated values at the date of receipt. \$96,070 has been included in revenues for year ending December 31, 2017 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, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2017 was \$34,762.

The following is a schedule of future minimum rental payments required for the lease with McNeese State University as of December 31, 2017:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$33,755
2019	33,755
2020	33,755
2021	33,755
2022	33,755
Thereafter	<u>708,855</u>
	<u>\$877,630</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 2017 in connection with this program was \$139,026. The space for the program was leased from McNeese State University with total rent paid in the amount of \$58,270 for the year ending December 31, 2017. The total rent for the Incubator Program remitted in 2018 for 2017 was \$19,705.

The Chamber of Southwest Louisiana
 NOTES TO COMBINED FINANCIAL STATEMENTS
 December 31, 2017

NOTE B – LEASING ARRANGEMENTS - CONTINUED

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 expires on July 31, 2018. The total rental income for the year ending December 31, 2017 from IMCAL was \$30,000 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>
2018	\$17,500
2019	-
2020	-
2021	-
2022	-
Total	<u>\$17,500</u>

NOTE C – 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, 2017 were \$52,116.

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 D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Restricted for periods after December 31, 2017	<u>\$84,277</u>
Total Temporary Restricted Net Assets	<u>\$84,277</u>

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or time restrictions specified by donors/grantors. The total amount released from restrictions during the year ending December 31, 2017 was \$954,895.

NOTE E – BOARD DESIGNATED FUNDS

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.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2017

NOTE F – FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and supporting services have been summarized on a functional basis in the combined statement of functional expenses – cash basis. This requires the allocation of certain cost between programs and supporting services based on estimates made by management.

NOTE G – RETIREMENT PLAN

During the year ended December 31, 2017 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, 2017 was \$19,955.

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, 2016, from which the summarized information was derived.

NOTE I – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 26, 2018, 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, 2017

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 940,778.69	\$ 618,261.15	\$ 4,781.92	\$ -	\$ 1,563,821.76
Due from affiliates					
Southwest LA Alliance Foundation, Inc.	223,210.64	-	-	(223,210.64)	-
Southwest LA Partnership	2,851.81	54,235.00	-	(57,086.81)	-
Prepaid expense	17,963.69	7,864.25	-	-	25,827.94
Property and equipment					
Furniture, fixtures, and equipment	54,376.96	333,948.84	12,140.44	-	400,466.24
Accumulated depreciation	<u>(51,728.91)</u>	<u>(263,488.85)</u>	<u>(12,140.44)</u>	<u>-</u>	<u>(327,358.20)</u>
	<u>2,648.05</u>	<u>70,459.99</u>	<u>-</u>	<u>-</u>	<u>73,108.04</u>
TOTAL ASSETS	<u>\$ 1,187,452.88</u>	<u>\$ 750,820.39</u>	<u>\$ 4,781.92</u>	<u>\$ (280,297.45)</u>	<u>\$ 1,662,757.74</u>

See Independent Auditors' Report

The Chamber of Southwest Louisiana
 COMBINING STATEMENTS OF ASSETS,
 LIABILITIES, AND NET ASSETS - CASH BASIS
 December 31, 2017

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
LIABILITIES					
Due to affiliates					
Southwest LA Alliance Foundation, Inc.	\$ -	\$ -	\$ 54,235.00	\$ (54,235.00)	\$ -
The Chamber of Southwest LA	-	223,210.64	2,851.81	(226,062.45)	-
Total Liabilities	<u>-</u>	<u>223,210.64</u>	<u>57,086.81</u>	<u>(280,297.45)</u>	<u>-</u>
NET ASSETS (DEFICIT)					
Unrestricted	1,187,452.88	455,853.50	(64,825.89)	-	1,578,480.49
Temporarily restricted	-	71,756.25	12,521.00	-	84,277.25
Total Net Assets	<u>1,187,452.88</u>	<u>527,609.75</u>	<u>(52,304.89)</u>	<u>-</u>	<u>1,662,757.74</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,187,452.88</u>	<u>\$ 750,820.39</u>	<u>\$ 4,781.92</u>	<u>\$ (280,297.45)</u>	<u>\$1,662,757.74</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, 2017

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
REVENUES					
Membership dues	\$ 722,702.38	\$ -	\$ -	\$ -	\$ 722,702.38
SWLA on the Move campaign	-	850,536.00	-	-	850,536.00
Programs	456,253.69	146,210.41	-	-	602,464.10
Rental income	-	172,925.93	-	-	172,925.93
Grants	-	324,971.56	16,526.00	-	341,497.56
Interest income	1,571.99	1,054.87	-	-	2,626.86
Total revenues	<u>1,180,528.06</u>	<u>1,495,698.77</u>	<u>16,526.00</u>	<u>-</u>	<u>2,692,752.83</u>
EXPENSES					
Total expenses	<u>1,133,276.05</u>	<u>1,339,766.02</u>	<u>160,998.75</u>	<u>-</u>	<u>2,634,040.82</u>
Change in net assets	47,252.01	155,932.75	(144,472.75)	-	58,712.01
Net assets at beginning of year - Cash Basis	<u>1,140,200.87</u>	<u>371,677.00</u>	<u>92,167.86</u>	<u>-</u>	<u>1,604,045.73</u>
Net assets at end of year - Cash Basis	<u>\$ 1,187,452.88</u>	<u>\$ 527,609.75</u>	<u>\$ (52,304.89)</u>	<u>\$ -</u>	<u>\$ 1,662,757.74</u>

See Independent Auditors' Report

The Chamber of Southwest Louisiana
 COMBINING STATEMENTS OF EXPENSES - CASH BASIS
 For the year ended December 31, 2017

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
Advertising	\$ 63,809.35	\$ 78,340.15	\$ 151,570.00	\$ -	\$ 293,719.50
Auto	20,799.39	9,572.28	-	-	30,371.67
Depreciation	2,062.32	33,417.77	-	-	35,480.09
Dues and subscriptions	10,473.21	8,628.69	150.00	-	19,251.90
Employee training	5,169.58	11,194.50	-	-	16,364.08
Employee benefits	66,405.72	66,589.51	-	-	132,995.23
Insurance	11,487.38	1,149.50	-	-	12,636.88
Miscellaneous	361.94	-	-	-	361.94
Office	69,376.34	70,862.20	996.75	-	141,235.29
Outside service	-	400.00	1,500.00	-	1,900.00
Payroll taxes	33,887.09	39,612.35	-	-	73,499.44
Printing and reproduction	248.20	3,630.00	4,882.00	-	8,760.20
Professional fees	14,250.00	10,400.00	1,900.00	-	26,550.00
Program expenses	388,998.48	249,444.64	-	-	638,443.12
Rent	21,787.59	84,718.28	-	-	106,505.87
Repairs and maintenace	4,889.86	4,703.86	-	-	9,593.72
Salaries	390,844.66	632,427.15	-	-	1,023,271.81
Travel	20,584.47	25,595.60	-	-	46,180.07
Telephone	7,840.47	9,079.54	-	-	16,920.01
	<u>\$ 1,133,276.05</u>	<u>\$ 1,339,766.02</u>	<u>\$ 160,998.75</u>	<u>\$ -</u>	<u>\$ 2,634,040.82</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, 2017

AGENCY HEAD NAME: George Swift, Executive Director

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$146,920
Benefits	
Insurance	9,345
Car Allowance	7,200
Conference Travel	<u>12,748</u>
TOTAL	<u><u>\$176,213</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, 2017, 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 26, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, listed as items 2017-1 through 2017-4.

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 26, 2018

SCHEDULE OF FINDINGS AND RESPONSES

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.

Condition: During 2017, the Organization did not file and/or remit payroll taxes in a timely manner.

Effect: The Organization's internal control over payroll tax reconciliations did not ensure timely deposits or timely accurate reporting. This may result in the imposition of penalties (up to 25%) and interest by the applicable agencies.

Recommendation: We recommend verifying all tax payments have been made timely by obtaining proper tax receipts. Quarterly payroll tax returns should be reconciled to payroll reports and tax receipts prior to filing.

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

2017-3

Invoice Approval Documentation

Criteria: The Organization's written policies and procedures regarding cash disbursements require an approved check request or invoice.

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.

Effect: The Organization paid invoices without proper documentation of approval.

Recommendation: We recommend the Organization follow the written policies and procedures by properly documenting approval of paid invoices.

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

Chamber of Southwest Louisiana
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

Section II – Financial Statement Findings (continued)

2017-4

Paid Invoices

Criteria: Paid invoices should include documentation it has already been paid and or cancelled.

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

Effect: The Organization duplicated a payment in error.

Recommendation: We recommend the Organization document on each invoice how it was paid and attach a copy of the check stub. The Organization should also use the purchase accounting module in the accounting software, including invoice numbers, to help avoid duplicate payments.

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.

Prior Audit

2016-1

Check Signature

Condition: During our audit, we discovered one check cleared the bank during 2016 that was in excess of \$9,000 with only one authorized signature. We also discovered one check cleared the bank during 2016 with no authorized signatures.

Response: New procedures were implemented in 2015 to ensure properly authorized disbursements, however management believes these were isolated instances.

2016-2

Payroll Tax Reconciliations

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.

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, 2017; we considered its internal controls system in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated June 26, 2018.

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.

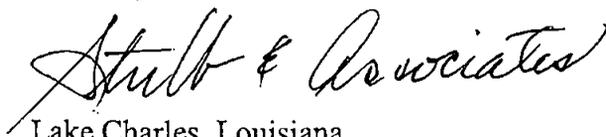
FDIC Limits

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.

We would be happy to assist your organization in implementing any of the above recommendations.

This report is intended solely for the information and use of The Chamber of Southwest Louisiana, 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,



Lake Charles, Louisiana
June 26, 2018

Member AICPA • Member LCPA
www.stulbandassociates.com

100 Dr. Michael DeBakey Drive / P.O. Box 1117 • Lake Charles, Louisiana 70602
(337) 494-1240 • (337) 494-1040 Fax



July 2, 2018

RE: 2017 Audit Responses:

1. FDIC Limits: Although the Chamber SWLA has a sweep account on the operating checking account, Management will transfer additional accounts to a separate institution to ensure all funds are properly covered by FDIC.
2. Credit Card Data Entry: The Alliance will fully implement posting transactions directly into Quick-Books.

Sincerely,

A handwritten signature in blue ink, appearing to read "George Swift".

George Swift
President/CEO



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, 2017 through December 31, 2017. 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 procedure above and noted the following exception:
No written policy regarding 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.
We performed the procedure above and noted the following exceptions:
No written policy for adding vendors to the vendor lists.
 - 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 the following exception:
No written policy for preparing deposits.

- 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 the following exception:

Written payroll policies have not been updated for changes in payroll duties.

- 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 the following exception:

No written policy for travel and expense reimbursement.

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

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

Management responses:

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.*

1d) Receipts: *The Chamber is in the process of revising their fiscal policy to include written policies and procedures for preparing deposits.*

1e) Payroll/Personnel: *The Chamber is in the process of revising their fiscal policy for changes in payroll duties.*

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.*

1h) Travel and expense reimbursement: *The Chamber is in the process of revising their fiscal policy to include written policies and procedures for travel and expense reimbursement.*

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

We performed the procedures above and noted no exceptions.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We performed the procedure above and noted no exceptions.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We performed the procedures above and noted the following exception:

There was no evidence that a member of management or a board member had reviewed and approved the monthly bank reconciliations.

Management response:

4b) Bank reconciliation review: The Chamber will implement a policy whereby the bank reconciliations will be reviewed and approved by the board treasurer on a monthly basis.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We performed the procedure above and noted no exceptions.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

We performed the procedures above and noted no exceptions.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

We performed the procedures above and noted no exceptions.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management’s representation that the listing or general ledger population is complete.

We performed the procedure above and noted no exceptions.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We performed the procedures above and noted the following exceptions:

	<u>Number</u>	<u>Amount</u>
No check request	17	\$34,920.05
No segregation between purchase and approval	16	\$32,620.05
No approved invoice or receipt	1	\$1,000.00

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity’s purchasing/disbursement system.

We performed the procedures above and noted the following exception:

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

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

We performed the procedures above and noted the following exception:

The Chamber’s fiscal policies do not prohibit the person with signatory authority from initiating the purchase.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We performed the procedures above and noted no exceptions.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Chamber does not use a signature stamp or signature machine.

Management responses:

9) Purchasing: *The Chamber will ensure all cash disbursements are approved prior to payment and the supporting detail includes the necessary approval documentation.*

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

11) Initiating the purchase: *The Chamber in the process of preparing fiscal policies that will prohibit the person with signatory authority from initiating the purchase.*

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

We performed the procedures above and noted no exceptions.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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 not be reported.]]
- d) Report whether finance charges and/or late fees were assessed on the selected statements.

We performed the procedures above and noted the following exception:

There was no evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We tested 100 transactions totaling \$17,466.38 and performed the procedures above. We noted the following exceptions:

	<u>Number</u>	<u>Amount</u>
No original itemized receipt	15	\$1,049.31
No business purpose or participant noted	20	\$1,847.18

Management responses:

15a) Credit Card Statements: We are in the process of preparing fiscal policies that will specify that a person other than the card holder reviews and approves monthly statements and documentation.

16) Credit Card Statements: Management will follow written policies and procedures to ensure proper documentation and business purpose are included with each credit card transaction.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We performed the procedures above and noted no exceptions.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

No written policy for travel and expense reimbursement.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We performed the procedures above and noted no exceptions.

Management response:

18) Travel and expense reimbursement: *The Chamber is in the process of revising their fiscal policy to include written policies and procedures for travel and expense reimbursement.*

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We performed the procedures above and noted no exceptions.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

The five contract vendors selected had written contracts that supported the service arrangements.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

We performed the procedure above for the five contracts subject to the Louisiana Public Bid Law or Procurement Code and noted no exceptions.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

We performed the procedures above and noted no exceptions.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

We performed the procedure above and noted no exceptions.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

We performed the procedures above and noted no exceptions.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- Report whether 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.)
 - Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We performed the procedures above and noted no exceptions.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We performed the procedures above and noted no exceptions.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The following exceptions were found as a result of these procedures:

- 941 payroll deposits were late for 21 of the 24 bi-weekly pay periods.
- 2 of the quarterly 941 reporting forms were not submitted by the required deadlines.
- All 12 monthly Louisiana withholding payments were not paid by the required deadlines.
- The first 3 quarterly Louisiana withholding reporting forms were not submitted by the required deadlines.
- The first 3 quarterly Louisiana unemployment wage reports were not submitted by the required deadlines.
- 7 of the 24 bi-weekly retirement contribution payments were not paid by the required deadlines.

Management response:

25) Payroll Tax Deposits: Management has implemented procedures to ensure timely, accurate reporting and payments of payroll taxes and withholdings.

Other

26. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriation of public funds or assets.

27. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

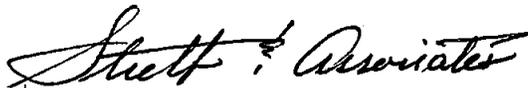
We performed the procedure above and noted no exceptions.

28. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We performed the procedure above and noted no exceptions.

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 LLA as a public document.



Lake Charles, Louisiana

June 20, 2018