

**BATON ROUGE AREA CHAMBER
BATON ROUGE, LOUISIANA**

Audit of Consolidated Financial Statements

December 31, 2020



Contents

Independent Auditor's Report	1 - 2
-------------------------------------	-------

Consolidated Financial Statements

Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4 - 5
Consolidated Statement of Changes in Net Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 17

Independent Auditor's Report on Supplementary Information	19
--	----

Supplementary Information

Schedule I - Consolidating Statement of Financial Position	20
Schedule II - Consolidating Statement of Activities	21
Schedule III - Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer	22

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23 - 24
--	---------

Schedule of Findings and Responses	25
---	----

Schedule of Prior Year Audit Findings	26
--	----

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. which comprise the consolidated statement of financial position as of December 31, 2020, the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free of material misstatement.

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

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

LOUISIANA • TEXAS

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. as of December 31, 2020, and changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, on our consideration of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
June 18, 2021

BATON ROUGE AREA CHAMBER
Consolidated Statement of Financial Position
December 31, 2020

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 2,166,944
Membership Dues Receivable, Net	115,486
Grants Receivable	71,300
Other Receivables	27,726
Due from Related Party	33,024
Prepaid Expenses	<u>12,361</u>
Total Current Assets	2,426,841
Property and Equipment, Net	<u>3,006,773</u>
Other Assets	
Cash and Cash Equivalents - Held for Others	<u>606,287</u>
Total Other Assets	<u>606,287</u>
Total Assets	<u><u>\$ 6,039,901</u></u>
Liabilities	
Current Liabilities	
Funds Held in Custody	\$ 606,287
Accounts Payable	67,472
Accrued Expenses	157,616
Current Maturities of Notes Payable	367,214
Unearned Membership Dues Revenue	<u>229,270</u>
Total Current Liabilities	1,427,859
Notes Payable, Net of Deferred Financing Costs	<u>1,207,701</u>
Total Liabilities	<u>2,635,560</u>
Net Assets	
Without Donor Restrictions	
Undesignated	2,451,501
Designated by the Board for Reserve Fund	<u>952,840</u>
Total Net Assets	<u>3,404,341</u>
Total Liabilities and Net Assets	<u><u>\$ 6,039,901</u></u>

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

BATON ROUGE AREA CHAMBER
Consolidated Statement of Activities
For the Year Ended December 31, 2020

Changes in Net Assets Without Donor Restrictions

Revenues

Contributions	\$ 2,765,552
In-Kind Contributions	743,016
Event Admissions and Sponsorships	124,165
Membership Dues	381,162
Leadership Program	43,150
Grants	
City of Baton Rouge/Parish of East Baton Rouge	339,500
Louisiana Economic Development	244,914
Other	180,115
Interest Income	12,299
Other Income	116,757

Total Revenues	4,950,630
-----------------------	-----------

Net Assets Released from Donor Restrictions	42,000
--	--------

Total Revenues and Reclassifications	4,992,630
---	-----------

Expenses

Program Services

Marketing, Membership, and Events	1,328,553
Business Development	1,259,977
Economic Competitiveness	601,743
Governmental Affairs	159,587

Total Program Services	3,349,860
-------------------------------	-----------

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

BATON ROUGE AREA CHAMBER
Consolidated Statement of Activities (Continued)
For the Year Ended December 31, 2020

General and Administrative	
Personnel	767,806
Occupancy	250,870
Professional Services	182,063
Bad Debt	118,493
General Office	117,780
Interest Expense	54,236
Travel and Hosting	27,952
Other	17,990
	<u>1,537,190</u>
Total General and Administrative	<u>1,537,190</u>
Total Expenses	<u>4,887,050</u>
Change in Net Assets Without Donor Restrictions	<u>105,580</u>
Changes in Net Assets With Donor Restrictions	
Revenues	
Contributions	42,000
Net Assets Released from Donor Restrictions	<u>(42,000)</u>
Change in Net Assets With Donor Restrictions	<u>-</u>
Change in Total Net Assets	<u><u>\$ 105,580</u></u>

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

BATON ROUGE AREA CHAMBER
Consolidated Statement of Changes in Net Assets
For the Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Net Assets, January 1, 2020	\$ 3,298,761	\$ -	\$ 3,298,761
Increase in Net Assets	105,580	-	105,580
Net Assets, December 31, 2020	<u>\$ 3,404,341</u>	<u>\$ -</u>	<u>\$ 3,404,341</u>

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

BATON ROUGE AREA CHAMBER
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

Cash Flows from Operating Activities	
Change in Net Assets	\$ 105,580
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Amortization included in Interest	2,479
Depreciation and Amortization	195,923
Bad Debt Expense	118,493
(Increase) Decrease in:	
Membership Dues Receivable	(103,547)
Grants Receivable	(58,150)
Other Receivables	48,712
Due from Related Party	(9,554)
Prepaid Expenses	3,177
Increase (Decrease) in:	
Accounts Payable	(119,076)
Accrued Expenses	45,804
Unearned Membership Dues Revenue	(60,469)
Net Cash Provided by Operating Activities	<u>169,372</u>
Cash Flows from Investing Activities	
Acquisitions of Property and Equipment	<u>(6,380)</u>
Net Cash Used in Investing Activities	<u>(6,380)</u>
Cash Flows from Financing Activities	
Amounts Received on Behalf of Others - Funds Held in Custody	346,108
Amounts Paid Out on Behalf of Others - Funds Held in Custody	(119,263)
Proceeds from Paycheck Protection Program Loan	291,600
Payments on Notes Payable	<u>(328,968)</u>
Net Cash Provided by Financing Activities	<u>189,477</u>
Net Increase in Cash and Cash Equivalents	352,469
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>2,420,762</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u><u>\$ 2,773,231</u></u>
Supplemental Disclosure of Cash Flow Information	
Cash Paid for Interest	<u><u>\$ 24,792</u></u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash	
Cash and Cash Equivalents	\$ 2,166,944
Cash and Cash Equivalents - Held for Others	<u>606,287</u>
	<u><u>\$ 2,773,231</u></u>

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

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Activities

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

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

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

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

Principles of Consolidation

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

Basis of Accounting

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

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and bad debt expense, unearned revenue, and accrued absences.

Cash and Cash Equivalents

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

Property and Equipment

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

Contributed Support

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, BRAC reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a reserve fund that may be drawn upon in times of emergency, to cover temporary cash needs, or for other cash needs in accordance with the policy. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. There were no net assets with donor restrictions at December 31, 2020.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Membership Dues

Membership dues are comprised of an exchange element based on the benefits provided over a period of time. BRAC recognizes membership dues revenue over the one-year membership period. As a practical expedient, BRAC uses the portfolio approach for annual membership dues paid by month.

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2020:

Unearned membership dues, beginning of year	\$ 235,389
Revenue recognized that was included in unearned membership dues	(381,162)
Increase in unearned revenue due to cash received during the period	<u>375,043</u>
Unearned membership dues, end of year	<u>\$ 229,270</u>

Membership dues receivables are recorded at cost, net of an allowance for doubtful accounts. Membership dues receivable, net totaled \$130,432 at January 1, 2020. BRAC establishes an allowance for doubtful accounts based on historical experience and any specific collection issues that have been identified. Uncollectible receivables are written off against the allowance for doubtful accounts when BRAC determines the balance will not be collected. At December 31, 2020, the allowance for doubtful accounts totaled \$142,609, respectively.

Grant Revenue Recognition

A portion of BRAC's revenue is derived from cost-reimbursable city and state grant, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when BRAC has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. There were no refundable advances at December 31, 2020.

Event Admissions and Sponsorships

BRAC recognizes revenue from ticket sales for event admission at the time of admission. BRAC records event sponsorships equal to the fair value of conditional direct benefits to donors when the event takes place.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions

BRAC recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a benefit interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

BRAC had secured five-year campaign conditional pledge commitments of approximately \$2,980,650 per year through December 31, 2020. Receipts on conditional pledges totaled \$2,765,552 for the year ended December 31, 2020. Outstanding conditional pledges receivable of \$-0- as of December 31, 2020, relating to currently billed pledge payments for the economic development campaign, have not been reflected in these consolidated financial statements. Outstanding conditional pledges for future campaign years of \$1,660,028 at December 31, 2020 have also not been recognized in the consolidated financial statements.

In-Kind Contributions

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

Deferred Financing Costs

BRAC follows Accounting Standards Update (ASU) 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Deferred financing costs of \$12,397 are being amortized over the term of the applicable note as a component of interest expense. These costs are presented net of accumulated amortization of \$7,976 as of December 31, 2020.

Vacation Leave

Vacation leave is earned at varying rates from two to three weeks per year depending on length of service. A maximum of two or three weeks, depending on length of service, of unused vacation leave may be carried over at year end; however, additional time may be awarded at the discretion of management. Accordingly, \$98,182 related to such unused vacation leave has been accrued at December 31, 2020, respectively.

Income Taxes

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

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

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising

BRAC expenses advertising costs as they are incurred. Advertising costs of \$2,009 were incurred during the year ended December 31, 2020.

Functional Allocation of Expenses

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

Recent Accounting Pronouncements Not Yet Adopted

In January 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The ASU 2016-02 will be effective for BRAC in the year ending December 31, 2022. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

Note 2. Liquidity and Availability

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

Cash and Cash Equivalents	\$ 2,166,944
Membership Dues Receivable, Net	115,486
Grants Receivable	71,300
Other Receivable	27,726
Due from Related Party	33,024
	<hr/>
Total	\$ 2,414,480

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 2. Liquidity and Availability (Continued)

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

Note 3. Property and Equipment, Net

Property and equipment, net at December 31, 2020, consisted of the following:

Description	Service Life	
Building and Improvements	10 - 40 Years	\$ 3,719,502
Computer Equipment and Software	3 - 5 Years	465,999
Office Equipment	5 - 15 Years	46,292
Furniture and Fixtures	5 Years	338,718
Land	-	68,259
		<hr/> 4,638,770
Less: Accumulated Depreciation		<hr/> (1,631,997)
Property and Equipment, Net		<hr/><hr/>\$ 3,006,773

Depreciation expense was \$195,923 for the year ended December 31, 2020.

Note 4. Retirement Plan

BRAC has a 401(k)-retirement plan for all employees older than 21 years of age. The entrance dates of the plan are monthly. Effective January 1, 2016, the 401(k)-retirement plan was amended to include a 30-day minimum service requirement to enroll in the plan. At that time, the employee will be automatically enrolled with a 6% employee contribution with the option to subsequently adjust. An employee becomes fully vested upon his participation. The plan provides for a safe harbor qualified employer match of 100% of the employee's contribution up to 6% of his pay. BRAC's contributions for the year ended December 31, 2020 were \$133,078.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 5. Related-Party Transactions

BRAC provides FuturePAC, LLC (FuturePAC) (a political action committee) with incidental administrative support. The amount charged to FuturePAC for this support totaled \$2,500 for the year ended December 31, 2020. Amounts due from FuturePAC for various expenses paid by BRAC on behalf of FuturePAC totaled \$33,024 for the year ended December 31, 2020, which is included in due from related party on the consolidated statement of financial position. FuturePAC has not been included in these consolidated financial statements because it does not meet the requirements for consolidation.

During the normal course of business, BRAC purchases the services and/or materials and supplies provided by businesses associated with certain members of BRAC's Board of Directors. During 2020, BRAC incurred costs of approximately \$26,189 relating to services received from businesses associated with certain board members.

Note 6. Funds Held in Custody

BRAC acts as a fiscal agent for an organization that does not have its own accounting function. As of December 31, 2020, BRAC held \$606,287 on behalf of this organization.

Note 7. Notes Payable

Notes payable at December 31, 2020 consisted of the following:

Note payable to a bank, original amount of \$1,900,000, interest at 3.80%, secured by building, monthly interest only payments through April 2019, monthly principal and interest payments of \$10,270 beginning May 2019, but deferred from April 2020 to September 2020, with all unpaid principal and interest due at maturity on October 19, 2022.	\$ 1,287,736
Payroll Protection Program Loan (see below)	<u>291,600</u>
	1,579,336
Less: Current Portion of Notes Payable	(367,214)
Less: Deferred Financing Costs	<u>(4,421)</u>
Total	<u>\$ 1,207,701</u>

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 7. Notes Payable (Continued)

Payroll Protection Program Loan

BRAC obtained a \$291,600 loan from Citizens Bank & Trust under the Payroll Protection Program (PPP) in April 2020. The promissory note provides for monthly installments of \$16,329 including interest at 1% from November 22, 2020 through April 22, 2022. The PPP Flexibility Act of 2020 delayed repayment of principal and interest until the date that the forgiveness amount is remitted to the lender by the Small Business Administration (SBA). Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. BRAC applied for forgiveness with the lender in 2021 and received forgiveness of \$291,600 from the SBA on February 12, 2021. The amount of loan forgiveness will be reported as a component of other income in 2021.

The SBA may undertake a review of a loan any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether BRAC received the proper loan amount. The timing and outcome of any SBA review is not known.

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

Year Ending December 31,	Amount
2021	\$ 367,214
2022	<u>1,212,122</u>
Total	<u>\$ 1,579,336</u>

BRAC has a financial debt covenant associated with the above notes payable, whereas BRAC must maintain a debt service coverage ratio of at least 1.20 to 1. The term "Debt Service Coverage Ratio" means BRAC's change in unrestricted net assets plus restricted building campaign funds received plus depreciation and amortization plus any other non-cash charges plus interest expense divided by all contractually obligated principal payments plus interest paid during the year. As of December 31, 2020, BRAC was in compliance with this covenant.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 8. Operating Leases

BRAC has an operating lease for various office equipment with a base rent of \$1,385 per month that expires in December 2024. Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2021	\$ 16,623
2022	16,623
2023	16,623
2024	16,623
Total	\$ 66,492

Rent expense during the year ended December 31, 2020 was \$11,510.

Note 9. Concentrations of Credit Risk

BRAC periodically maintains cash in bank accounts in excess of federally insured limits. BRAC has not experienced any losses and does not believe that significant credit risks exist as a result of this practice. At December 31, 2020, \$2,272,781 of cash and cash equivalents are uninsured.

Note 10. Commitments and Contingencies

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which BRAC operates. It is unknown how long these conditions will last and what the complete financial effect will be to BRAC. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 11. Income Taxes

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

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

Note 12. Subsequent Events

On February 11, 2021, BRAC received a second loan under the Payroll Protection Program loan in the amount of \$330,423. This loan is potentially forgivable if BRAC meets certain criteria. The loan has an interest rate of 1% and is due five years from the date of origination. There are no collateral or personal guarantees associated with this loan.

On February 12, 2021 BRAC received forgiveness from the lender of its PPP Loan totaling \$291,600. The amount of loan forgiveness will be reported as a component of other income in 2021.

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 18, 2021 and determined that no other events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Independent Auditor's Report on Supplementary Information

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

We have audited the consolidated financial statements of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. as of and for the year ended December 31, 2020, and our report thereon dated June 18, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position as of December 31, 2020 and consolidating statement of activities for the year ended December 31, 2020 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A(3) is also presented for purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



A Professional Accounting Corporation

Baton Rouge, LA
June 18, 2021

LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance
RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

BATON ROUGE AREA CHAMBER
Consolidating Statement of Financial Position
December 31, 2020

Schedule I

	BRAC	GBREP	Eliminations	Total
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 1,081,470	\$ 1,085,474	\$ -	\$ 2,166,944
Membership Dues Receivable, Net	115,486	-	-	115,486
Grants Receivable	-	71,300	-	71,300
Other Receivables	27,726	-	-	27,726
Due from Related Party	-	4,587,629	(4,554,605)	33,024
Prepaid Expenses	12,361	-	-	12,361
Total Current Assets	1,237,043	5,744,403	(4,554,605)	2,426,841
Property and Equipment, Net	3,006,773	-	-	3,006,773
Other Assets				
Cash and Cash Equivalents - Held for Others	-	606,287	-	606,287
Total Other Assets	-	606,287	-	606,287
Total Assets	\$ 4,243,816	\$ 6,350,690	\$ (4,554,605)	\$ 6,039,901
Liabilities				
Current Liabilities				
Funds Held in Custody	\$ -	\$ 606,287	\$ -	\$ 606,287
Accounts Payable	61,338	6,134	-	67,472
Accrued Expenses	157,616	-	-	157,616
Due to Related Party	4,554,605	-	(4,554,605)	-
Current Maturities of Notes Payable	75,614	291,600	-	367,214
Unearned Membership Dues Revenue	229,270	-	-	229,270
Total Current Liabilities	5,078,443	904,021	(4,554,605)	1,427,859
Notes Payable, Net of Deferred Financing Costs	1,207,701	-	-	1,207,701
Total Liabilities	6,286,144	904,021	(4,554,605)	2,635,560
Net Assets				
Without Donor Restrictions				
Undesignated	(2,995,168)	5,446,669	-	2,451,501
Designated by the Board for Reserve Fund	952,840	-	-	952,840
Total Net Assets	(2,042,328)	5,446,669	-	3,404,341
Total Liabilities and Net Assets	\$ 4,243,816	\$ 6,350,690	\$ (4,554,605)	\$ 6,039,901

BATON ROUGE AREA CHAMBER
Consolidating Statement of Activities
For the Year Ended December 31, 2020

Schedule II

	BRAC	GBREP	Eliminations	Total
Changes in Net Assets Without Donor Restrictions				
Revenues				
Contributions	\$ 2,565,552	\$ 200,000	\$ -	\$ 2,765,552
In-Kind Contributions	743,016	-	-	743,016
Event Admissions and Sponsorships	117,665	6,500	-	124,165
Membership Dues	381,162	-	-	381,162
Leadership Program	-	43,150	-	43,150
Grants				
City of Baton Rouge/Parish of East Baton Rouge	-	339,500	-	339,500
Louisiana Economic Development	-	244,914	-	244,914
Other	69,593	110,522	-	180,115
In-Kind Operational Contributions	-	1,502,360	(1,502,360)	-
Interest Income	12,299	-	-	12,299
Other Income	95,345	21,412	-	116,757
Total Revenues	3,984,632	2,468,358	(1,502,360)	4,950,630
Net Assets Released from Donor Restrictions	42,000	-	-	42,000
Total Revenues and Reclassifications	4,026,632	2,468,358	(1,502,360)	4,992,630
Expenses				
Program Services				
Marketing, Membership, and Events	1,134,179	194,374	-	1,328,553
Business Development	306,629	953,348	-	1,259,977
Economic Competitiveness	410,487	191,256	-	601,743
Governmental Affairs	124,162	35,425	-	159,587
Total Program Services	1,975,457	1,374,403	-	3,349,860
General and Administrative				
Personnel	523,211	244,595	-	767,806
Occupancy	135,520	115,350	-	250,870
Professional Services	177,235	4,828	-	182,063
Bad Debt	118,493	-	-	118,493
General Office	55,014	62,766	-	117,780
Interest Expense	54,236	-	-	54,236
Travel and Hosting	27,952	-	-	27,952
Other	12,332	5,658	-	17,990
In-Kind Operational Contributions	1,502,360	-	(1,502,360)	-
Total General and Administrative	2,606,353	433,197	(1,502,360)	1,537,190
Total Expenses	4,581,810	1,807,600	(1,502,360)	4,887,050
Change in Net Assets Without Donor Restrictions	(555,178)	660,758	-	105,580
Changes in Net Assets With Donor Restrictions				
Revenues				
Contributions	42,000	-	-	42,000
Net Assets Release from Donor Restrictions	(42,000)	-	-	(42,000)
Change in Net Assets With Donor Restrictions	-	-	-	-
Change in Total Net Assets	\$ (555,178)	\$ 660,758	\$ -	\$ 105,580

BATON ROUGE AREA CHAMBER
Schedule of Compensation, Benefits, and Other Payments
to Chief Executive Officer
For the Year Ended December 31, 2020

Schedule III

Chief Executive Officer
Adam Knapp

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. (collectively referred to as BRAC) as of and for the year ended December 31, 2020, and the related notes to the consolidated financial statements, which collectively comprise BRAC's basic consolidated financial statements, and have issued our report thereon dated June 18, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BRAC's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the consolidated financial statements. 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*.

Purpose of this Report

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



A Professional Accounting Corporation

Baton Rouge, LA
June 18, 2021

BATON ROUGE AREA CHAMBER
Schedule of Findings and Responses
For the Year Ended December 31, 2020

Part I - Summary of Auditor's Results

Financial Statement Section

- | | |
|--|---------------|
| 1. Type of Auditor's Report Issued: | Unmodified |
| 2. Internal Control Over Financial Reporting: | |
| a. Material Weakness (es) Identified? | No |
| b. Significant Deficiency (ies) Identified? | None Reported |
| 3. Noncompliance Material to Financial Statements Noted? | No |

Federal Awards Section - Not Applicable

Part II - Financial Statement Findings Section

None.

Part III - Federal Award Findings and Questioned Costs Section

Not applicable.

BATON ROUGE AREA CHAMBER
Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2020

None.