

Chamber of Southwest Louisiana

COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2019

TABLE OF CONTENTS

	Page
Independent Auditors' Report	3-5
Financial Statements:	
Combined Statement of Assets, Liabilities, and Net Assets - Cash Basis	6
Combined Statement of Revenue, Expenses, and Other Changes in Net Assets - Cash Basis	7
Combined Statement of Functional Expenses - Cash Basis	8
Notes to Combined Financial Statements	9-15
Supplemental Information:	
Combining Statements of Assets, Liabilities, and Net Assets - Cash Basis	16
Combining Statements of Revenues, Expenses, and Other Changes in Net Assets - Cash Basis	17
Combining Statements of Expenses - Cash Basis	18
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	19
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 <i>Government Auditing Standards</i>	20-21
Schedule of Findings and Responses	22-23

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, 2019, 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, 2019, 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 May 20, 2020, 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 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated June 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Lake Charles, Louisiana

May 20, 2020

**The Chamber of Southwest Louisiana
 COMBINED STATEMENTS OF ASSETS,
 LIABILITIES, AND NET ASSETS - CASH BASIS
 December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,164,104	\$ 1,091,546
Certificates of deposit	100,000	-
Restricted cash	<u>685,803</u>	<u>579,631</u>
Total Current Assets	<u>1,949,907</u>	<u>1,671,177</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures, and equipment	415,413	406,457
Accumulated depreciation	<u>(386,186)</u>	<u>(360,381)</u>
Net Property and Equipment	<u>29,227</u>	<u>46,076</u>
TOTAL ASSETS	<u><u>\$ 1,979,134</u></u>	<u><u>\$ 1,717,253</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Liabilities	<u>\$ 2,781</u>	<u>\$ 3,709</u>
Total Current Liabilities	2,781	3,709
NET ASSETS		
Without donor restrictions	1,697,574	1,568,365
With donor restrictions	<u>278,779</u>	<u>145,179</u>
Total Net Assets	<u>1,976,353</u>	<u>1,713,544</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,979,134</u></u>	<u><u>\$ 1,717,253</u></u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND
OTHER CHANGES IN NET ASSETS - CASH BASIS
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions:		
Revenues and gains		
Membership dues	\$ 758,660	\$ 759,787
SWLA on the Move Campaign	851,845	934,098
Programs	604,507	961,122
Rental Income	151,172	137,530
Grants	270,791	282,157
Interest income	<u>3,166</u>	<u>2,349</u>
Total Revenues and Gains Without Donor Restrictions	\$2,640,141	\$3,077,043
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>106,539</u>	<u>63,535</u>
Total Revenue, Gains, and Other Support Without Donor Restrictions	2,746,680	3,140,578
Expenses		
Program service	2,433,489	2,952,499
Management and general	149,635	157,607
Fundraising	<u>34,347</u>	<u>40,588</u>
Total Expenses	2,617,471	3,150,694
Increase (Decrease) in Net Assets Without Donor Restrictions	129,209	(10,116)
Changes in Net Assets With Donor Restrictions:		
Programs	240,139	124,437
Net assets released from restrictions	<u>(106,539)</u>	<u>(63,535)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	133,600	60,902
Increase (Decrease) in Net Assets	262,809	50,786
Net Assets at Beginning of Year	<u>1,713,544</u>	<u>1,662,758</u>
Net Assets at End of Year	<u><u>\$1,976,353</u></u>	<u><u>\$1,713,544</u></u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
COMBINED STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
Years Ended December 31, 2019 and 2018

	<u>2019</u>				<u>2018</u>			
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 183,860	\$ -	\$ -	\$ 183,860	\$ 286,416	\$ -	\$ -	\$ 286,416
Auto	20,062	2,229	-	22,291	22,276	2,475	-	24,751
Depreciation	23,225	2,580	-	25,805	29,722	3,302	-	33,024
Dues and subscriptions	16,750	-	-	16,750	22,836	-	-	22,836
Employee training	7,840	871	-	8,711	13,334	1,481	-	14,815
Employee benefits	92,494	10,316	2,853	105,663	131,905	15,169	4,794	151,868
Insurance	13,226	1,470	-	14,696	14,414	1,602	-	16,016
Miscellaneous	-	-	-	-	601	-	-	601
Office	81,304	9,034	-	90,338	112,951	12,550	-	125,501
Outside service	2,102	-	-	2,102	1,790	-	-	1,790
Payroll taxes	69,445	7,745	2,142	79,332	66,077	7,599	2,402	76,078
Printing and reproduction	-	-	-	-	634	70	-	704
Professional fees	38,647	4,294	-	42,941	24,615	2,735	-	27,350
Program expenses (Note D)	776,520	-	-	776,520	1,125,915	-	-	1,125,915
Rent	125,907	3,476	-	129,383	133,435	3,476	-	136,911
Repairs and maintenance	-	-	-	-	3,042	-	-	3,042
Salaries	951,681	106,144	29,352	1,087,177	918,675	105,648	33,392	1,057,715
Travel	17,143	-	-	17,143	30,361	-	-	30,361
Telephone	13,283	1,476	-	14,759	13,500	1,500	-	15,000
TOTAL EXPENSES	<u>\$2,433,489</u>	<u>\$ 149,635</u>	<u>\$ 34,347</u>	<u>\$2,617,471</u>	<u>\$2,952,499</u>	<u>\$ 157,607</u>	<u>\$ 40,588</u>	<u>\$3,150,694</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2019

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, 2019

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

The Organization reports information regarding its financial position and activities according to the following net asset categories:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Board-Designated Net Assets – Net Assets without donor restrictions subject to self-imposed limits by action of the Organization's Board of Directors. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

Use of estimates

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

Cash and Cash Equivalents

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

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Support and Revenue

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

Contributed Materials and Services

Donated materials, supplies, and advertising are reflected in the financial statements at their estimated values at the date of receipt. \$110,957 has been included in revenues for year ending December 31, 2019 with a corresponding charge to the applicable expense. \$88,862 of the donated program revenue is related to facility use for specific events. 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.

Advertising Costs

The Organization uses advertising to promote Southwest Louisiana in order to increase economic growth and quality of life for the region. Advertising costs are charged to operations when incurred. Total advertising costs for the year ended December 31, 2019 amounted to \$183,860.

Property and Equipment

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

Furniture, fixtures, and equipment	3-7 years
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Depreciation expense for the year ending December 31, 2019 was \$25,805.

Cost Allocation

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

The Chamber of Southwest Louisiana
 NOTES TO COMBINED FINANCIAL STATEMENTS
 December 31, 2019

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, 2019 was \$34,563.

The following is a schedule of future minimum rental payments required for the lease with McNeese State University as of December 31, 2019:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$33,755
2021	33,755
2022	33,755
2023	33,755
2024	33,755
Thereafter	641,345
	<u>\$810,120</u>

The Chamber has agreed to sublease a portion of the space it occupies in the SEED Center to the Imperial Calcasieu Regional Planning & Development Commission (IMCAL). The sublease expires on July 31, 2023. The total rental income for the year ending December 31, 2019 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>
2020	\$30,000
2021	30,000
2022	30,000
2023	17,500
2024	-
Total	<u>\$107,500</u>

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2019

NOTE B – LEASING ARRANGEMENTS – CONTINUED

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 2019 in connection with this program was \$111,492. The space for the program was leased from McNeese State University with total rent paid in the amount of \$81,346 for the year ending December 31, 2019.

NOTE C – RESTRICTIONS ON NET ASSETS

Board-Designated – The Chamber of Southwest Louisiana

In 2011, the Chamber sold their building and the Board of Directors approved the establishment of a board designated fund. The purpose of the fund is to segregate \$400,000 from the sale. There is no legal restriction requiring this, however it does require that the use of the funds will be decided by the Board of Directors. These funds were placed into separate checking accounts and the balance in these checking accounts as of December 31, 2019 were \$407,024.

Donor Restricted – The Chamber of Southwest Louisiana

The Chamber of Southwest Louisiana has \$110,298 in donor restricted net assets as of December 31, 2019 for the I-10 Bridge Task Force (Build Our Bridge). These net assets are to be used to promote and pursue any and all funding options for the construction of a new I-10 Bridge in Calcasieu Parish.

Donor Restricted - Southwest Louisiana Alliance Foundation, Inc.

The Foundation of Southwest Louisiana Alliance Foundation, Inc. has \$116,321 in donor restricted net assets as of December 31, 2019 for the following purposes:

<u>Program/Purpose</u>	<u>Amount</u>
Leader in Me Education Program	\$33,564
Business Incubator Pitch Competition	51,745
2020 Annual Banquet	19,000
Workforce Development	309
ALCOA Grant Funds	3,203
Phillips 66 Grant Funds	8,500
Total Donor Restricted Net Assets	<u>\$116,321</u>

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

The Southwest Louisiana Partnership for Economic Development, Inc. has \$52,160 in donor restricted net assets as of December 31, 2019 for the Site Certification Program. These net assets are to be used for Industrial Site Analyses and Site Certifications with the Louisiana Department of Economic Development.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2019

NOTE D PROGRAM SERVICES

Activity for the Organizations' major program activities for the year ending December 31, 2019 is as follows:

<u>Program/Event</u>	<u>Revenues</u>	<u>Direct Expenses</u>	<u>Net Activity</u>
Chamber Monthly Events	\$10,500	\$7,696	\$2,804
Business after Hours	7,437	2,535	4,902
Public Policy	15,412	117,773	(102,361)
Build Our Bridge	131,755	46,957	84,798
Small Business Expo	29,030	16,661	12,369
Annual Golf Tournament	52,243	19,532	32,711
LegisGator Luncheon	144,572	78,802	65,770
Women's Business Network	6,725	4,216	2,509
Chamber Day	14,770	9,238	5,532
Annual Banquet	175,940	116,401	59,539
Leadership	45,100	32,961	12,139
Workforce Development	31,000	20,990	10,010
Business Incubator	64,799	62,253	2,546
Leader In Me	-	19,350	(19,350)
Site Certification Program	22,640	103,915	(81,275)
Economic Development	53,275	117,240	(63,965)
Management Fees	39,448	-	39,448
	<u>\$844,646</u>	<u>\$776,520</u>	<u>\$68,126</u>

NOTE E LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Cash and cash equivalents	\$1,164,104
Certificates of deposit maturing within one year	100,000
Restricted cash	<u>685,803</u>
Financial assets at year-end	\$1,949,907
Less those unavailable for general expenditures within one year due to:	
Board-designated funds	(407,024)
Donor-restricted for educational programs	(33,564)
Donor-restricted for future projects	(71,160)
Donor-restricted for specific programs	<u>(174,055)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,264,104</u>

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2019

NOTE F CERTIFICATES OF DEPOSIT

As of December 31, 2019 the Organization had one certificate of deposit yielding 1.75%. This certificate matures in June 2020. This certificate is held in a brokerage account and is federally insured. The fair value of the certificate of deposit approximates carrying value because of the short-term maturity of the certificate.

NOTE G – 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. As of December 31, 2019, all cash balances were insured.

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 H – RETIREMENT PLAN

During the year ended December 31, 2019 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, 2019 was \$17,129.

NOTE I – 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, 2018, from which the summarized information was derived.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 20, 2020, 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, 2019**

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 684,512	\$ 419,453	\$ 60,139	\$ -	\$ 1,164,104
Certificates of deposit	-	100,000	-	-	100,000
Restricted cash	517,323	116,320	52,160	-	685,803
Due from affiliates					
Southwest LA Alliance Foundation, Inc.	250,222	-	-	(250,222)	-
Southwest LA Partnership for Economic Development, Inc.	14,438	49,387	-	(63,825)	-
Property and equipment					
Furniture, fixtures, and equipment	55,203	348,070	12,140	-	415,413
Accumulated depreciation	(53,705)	(320,341)	(12,140)	-	(386,186)
	<u>1,498</u>	<u>27,729</u>	<u>-</u>	<u>-</u>	<u>29,227</u>
TOTAL ASSETS	<u>\$ 1,467,993</u>	<u>\$ 712,889</u>	<u>\$ 112,299</u>	<u>\$ (314,047)</u>	<u>\$ 1,979,134</u>
LIABILITIES					
Payroll liabilities	\$ 2,781	\$ -	\$ -	\$ -	\$ 2,781
Due to affiliates					
Southwest LA Alliance Foundation, Inc.	-	-	49,387	(49,387)	-
The Chamber of Southwest LA	<u>-</u>	<u>250,222</u>	<u>14,438</u>	<u>(264,660)</u>	<u>-</u>
Total Liabilities	2,781	250,222	63,825	(314,047)	2,781
NET ASSETS (DEFICIT)					
Without donor restrictions	1,354,914	346,346	(3,686)	-	1,697,574
With donor restrictions	<u>110,298</u>	<u>116,321</u>	<u>52,160</u>	<u>-</u>	<u>278,779</u>
Total Net Assets	<u>1,465,212</u>	<u>462,667</u>	<u>48,474</u>	<u>-</u>	<u>1,976,353</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,467,993</u>	<u>\$ 712,889</u>	<u>\$ 112,299</u>	<u>\$ (314,047)</u>	<u>\$ 1,979,134</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, 2019

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
REVENUES					
Membership dues	\$ 758,660	\$ -	\$ -	\$ -	\$ 758,660
SWLA on the Move campaign	-	851,845	-	-	851,845
Programs	620,189	201,817	22,640	-	844,646
Rental income	-	151,172	-	-	151,172
Grants	-	-	270,791	-	270,791
Interest income	2,620	546	-	-	3,166
Total revenues	<u>1,381,469</u>	<u>1,205,380</u>	<u>293,431</u>	<u>-</u>	<u>2,880,280</u>
EXPENSES					
Total expenses	<u>1,247,964</u>	<u>1,142,450</u>	<u>227,057</u>	<u>-</u>	<u>2,617,471</u>
Change in net assets	133,505	62,930	66,374	-	262,809
Net assets at beginning of year - Cash Basis	<u>1,331,707</u>	<u>399,737</u>	<u>(17,900)</u>	<u>-</u>	<u>1,713,544</u>
Net assets at end of year - Cash Basis	<u>\$ 1,465,212</u>	<u>\$ 462,667</u>	<u>\$ 48,474</u>	<u>\$ -</u>	<u>\$ 1,976,353</u>

See Independent Auditors' Report

The Chamber of Southwest Louisiana
COMBINING STATEMENTS OF EXPENSES - CASH BASIS
For the year ended December 31, 2019

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
Advertising	\$ 66,205	\$ 44,074	\$ 73,581	\$ -	\$ 183,860
Auto	20,176	2,115	-	-	22,291
Depreciation	725	25,080	-	-	25,805
Dues and subscriptions	14,906	1,844	-	-	16,750
Employee training	5,059	3,652	-	-	8,711
Employee benefits	59,490	46,173	-	-	105,663
Insurance	9,244	5,452	-	-	14,696
Office	62,421	27,661	256	-	90,338
Outside service	2,080	22	-	-	2,102
Payroll taxes	44,580	34,752	-	-	79,332
Professional fees	18,550	19,891	4,500	-	42,941
Program expenses (Note D)	428,508	227,597	120,415	-	776,520
Rent	21,788	107,595	-	-	129,383
Salaries	469,997	588,875	28,305	-	1,087,177
Travel	15,444	1,699	-	-	17,143
Telephone	8,791	5,968	-	-	14,759
	<u>\$ 1,247,964</u>	<u>\$ 1,142,450</u>	<u>\$ 227,057</u>	<u>\$ -</u>	<u>\$ 2,617,471</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, 2019

AGENCY HEAD NAME: George Swift, Executive Director

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$150,369
Benefits	
Insurance	9,345
Car Allowance	7,200
Fuel Purchases	1,660
Conference Travel	<u>27,326</u>
TOTAL	<u><u>\$195,900</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, 2019, 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 May 20, 2020.

Internal Control over Financial Reporting

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

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

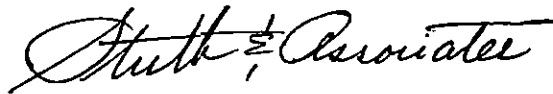
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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*.

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
May 20, 2020

Chamber of Southwest Louisiana
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

Section II – Financial Statement Findings (continued)

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

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

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

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, 2019; we considered its internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. This letter does not affect our report dated May 20, 2020.

Budget Monitoring

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

Time Study for Cost Allocation

The Organization allocates payroll costs between related entities based on management's estimate of time and effort. We recommend the Organization conduct a time study at least every three years or sooner if significant or program changes have occurred to aid in the allocation of payroll costs.

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www.stulbandassociates.com

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

Personnel Files

The Organization maintains an approved annual pay rate schedule by employee. The annual approved annual increase or decrease for each employee is documented in their corresponding personnel files, however the approved annual total compensation is not documented in each corresponding personnel file. We recommend the Organization include the approved annual total compensation in addition to the approved annual increase or decrease in each corresponding personnel file.

Approved Pay Rate Structure

The Organization maintains an approved annual pay rate schedule by employee. The pay rate schedule does not include additional employee compensation and benefits including auto allowances, health insurance stipends, commission packages, and cellphone allowances. We recommend the Organization include all approved compensation and benefits on the annual pay rate schedule.

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

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

Sincerely,



Lake Charles, Louisiana
May 20, 2020



**The SWLA ALLIANCE
2019 Audit
Management Response**

Budget Monitoring:

An annual budget is approved by the Board of Directors. As part of the monitoring process, monthly budget comparison schedules are reviewed by the Board of Directors. The budget, however, is not amended for variances in revenues and expenditures greater than 5 percent.

The Organization does monitor the budget on a monthly basis and will address whether an amendment to the budget is necessary during the fourth quarter.

Time Study for Cost Allocation:

The Organization allocates payroll costs between related entities based on management's estimate of time and effort.

The Organization's Management currently conducts an annual review of payroll costs as it is related to the entities and will conduct a time study at least every three years or sooner if significant or program changes have occurred to aid in the allocation of payroll costs.

Personnel Files:

The Organization maintains an approved annual pay rate schedule by employee. The annual approved annual increase or decrease for each employee is documented in their corresponding personnel files, however the approved annual total compensation is not documented in each corresponding personnel file.

The Organization will include the approved annual total compensation in addition to the approved annual increase or decrease in each corresponding personnel file.

Approved Pay Rate Structure:

The Organization maintains an approved annual pay rate schedule by employee. The pay rate schedule does not include additional employee compensation and benefits including auto allowances, health insurance stipends, commission packages, and cellphone allowances.

The Organization will combine and include all approved compensation and benefits on the annual pay rate schedule.



Pres/CEO



Executive Vice President



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, 2019 through December 31, 2019. 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
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, not included as Ethics requirements are not applicable to nonprofits.
 - j) **Debt Service**, not included as Debt Service is not applicable to the Entity.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and backups, (2) proper storage of backups, (3) testing of backup recovery, (4) use of antivirus software, (5) timely application of updates, (6) identification of required personnel and processes to recover operations after a critical event.

We performed the procedure above and noted no exceptions.

Board (or Finance Committee, if applicable)

There were no exceptions in this category during Year 1 therefore it was excluded from testing in Years 2 and 3.

Bank Reconciliations

There were no exceptions in this category during Year 2 therefore it was excluded from testing in Year 3.

Collections

There were no exceptions in this category during Year 1 therefore it was excluded from testing in Years 2 and 3.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

We performed the procedures above and noted no exceptions.

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

There were no exceptions in this category during Year 2 therefore it was excluded from testing in Year 3.

Travel and Expense Reimbursement

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

We performed the procedures above and noted the following exceptions:

<u>Reimbursement</u>	<u># of Exceptions</u>	<u>Rate Paid</u>	<u>Applicable Rate</u>	<u>Underpaid Amount</u>
Incorrect mileage rate	2	\$0.55	\$0.58	\$11.82

Management's response:

14) Travel Reimbursements: Management will make additional efforts to ensure all travel reimbursements are in accordance with the applicable rates.

Contracts

There were no exceptions in this category during Year 1 therefore it was excluded from testing in Years 2 and 3.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials (only one employee was terminated during 2019), obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

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

We performed the procedures above and noted no exceptions.

Ethics (excluding Non-Profits)

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

Debt Service (excluding Non-Profits)

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

Other

There were no exceptions in this category during Year 1 therefore it was excluded from testing in Years 2 and 3.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Lake Charles, Louisiana

May 5, 2020