

BATON ROUGE AREA CHAMBER

Baton Rouge, Louisiana

Audited Consolidated Financial Statements
December 31, 2017 and 2016



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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. as of December 31, 2017 and 2016, and changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, 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 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 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
June 25, 2018

BATON ROUGE AREA CHAMBER
Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,509,984	\$ 1,284,908
Membership Investments Receivable, Net	116,474	137,868
Other Receivable	83,177	108,636
Government Contracts Receivable	29,550	167,064
Due from Related Party	9,150	-
Prepaid Expenses	42,050	38,097
Total Current Assets	2,790,385	1,736,573
Property and Equipment, Net	596,724	360,083
Total Assets	\$ 3,387,109	\$ 2,096,656
Liabilities		
Current Liabilities		
Accounts Payable	\$ 204,574	\$ 187,054
Accrued Expenses	56,595	220,775
Current Maturities of Notes Payable, Net	672,603	-
Unearned Revenues	362,473	366,084
Total Liabilities	1,296,245	773,913
Net Assets		
Unrestricted		
Undesignated	1,324,783	725,874
Designated	766,081	596,869
Total Net Assets	2,090,864	1,322,743
Total Liabilities and Net Assets	\$ 3,387,109	\$ 2,096,656

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

BATON ROUGE AREA CHAMBER
Consolidated Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017	2016
Changes in Unrestricted Net Assets		
Revenues		
Contributions	\$ 3,034,862	\$ 2,976,310
In-Kind Contributions	558,772	563,556
Leadership Program	98,020	90,200
Event Admissions and Sponsorships	251,975	175,641
Membership Dues	415,613	448,490
Grants		
City of Baton Rouge/Parish of East Baton Rouge	350,000	350,000
Louisiana Regional Leadership Council	250,000	-
Baton Rouge Area Foundation	70,000	-
Office of Community Development	54,050	136,250
Louisiana Economic Development	29,550	184,627
Other	17,352	68,786
Interest Income	2,212	-
Other Income	20,744	30,683
Total Revenues	5,153,150	5,024,543
Net Assets Released from Restrictions	258,000	-
Total Revenues and Reclassifications	5,411,150	5,024,543
Expenses		
Program Services		
Business Development	1,258,167	1,444,917
Marketing, Membership, and Events	1,222,686	1,207,499
Economic Competitiveness	622,717	627,803
Governmental Affairs	327,338	323,516
Total Program Services	3,430,908	3,603,735
General and Administrative		
Personnel	539,177	573,808
Professional Services	235,345	243,352
General Office	143,223	205,864
Occupancy	140,899	157,511
Bad Debt	91,710	64,876
Travel and Hosting	35,423	65,074
Other	22,440	97,042
Interest Expense	3,904	-
Total General and Administrative	1,212,121	1,407,527
Total Expenses	4,643,029	5,011,262
Increase in Unrestricted Net Assets	\$ 768,121	\$ 13,281
Changes in Temporarily Restricted Net Assets		
Contributions	\$ 258,000	\$ -
Net Assets Released from Restriction	(258,000)	-
Increase in Temporarily Restricted Net Assets	\$ -	\$ -
Increase in Total Net Assets	\$ 768,121	\$ 13,281

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

BATON ROUGE AREA CHAMBER
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2017 and 2016

	Unrestricted	Temporarily Restricted	Total
Net Assets, January 1, 2016	\$ 1,309,462	\$ -	\$ 1,309,462
Increase in Net Assets	13,281	-	13,281
Net Assets, December 31, 2016	1,322,743	-	1,322,743
Increase in Net Assets	768,121	-	768,121
Net Assets, December 31, 2017	<u>\$ 2,090,864</u>	<u>\$ -</u>	<u>\$ 2,090,864</u>

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

BATON ROUGE AREA CHAMBER
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 768,121	\$ 13,281
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	43,599	44,163
Bad Debt Expense	91,710	64,876
Decrease (Increase) in		
Membership and Other Receivables	92,657	193,330
Due from Related Party	(9,150)	-
Prepaid Expenses	(3,953)	(12,854)
Increase (Decrease) in		
Accounts Payable	17,520	(110,893)
Accrued Expenses	(164,180)	126,700
Unearned Revenues	(3,611)	(82,320)
Net Cash Provided by Operating Activities	832,713	236,283
Cash Flows from Investing Activities		
Acquisitions of Property and Equipment	(280,240)	(4,595)
Net Cash Used in Investing Activities	(280,240)	(4,595)
Cash Flows from Financing Activities		
Proceeds from Notes Payable	685,000	-
Capitalized Loan Costs	(12,397)	-
Net Cash Provided by Financing Activities	672,603	-
Net Increase in Cash and Cash Equivalents	1,225,076	231,688
Cash and Cash Equivalents, Beginning of Year	1,284,908	1,053,220
Cash and Cash Equivalents, End of Year	\$ 2,509,984	\$ 1,284,908
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 3,904	\$ -

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

Principles of Consolidation

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

Basis of Presentation

The financial statements of BRAC and GBREP, Inc. (collectively referred to as BRAC) have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the consolidated financial statements.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

BRAC reports its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by specific action pursuant to those stipulations. Permanently restricted net assets are those resources whose use is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by specific action. At December 31, 2017 and 2016, there were no temporarily or permanently restricted net assets.

The statements of activities present revenues by source and expenses functionally between program services and general and administrative.

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.

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.

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.

Revenue Recognition

Membership

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

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions

Contributions are recognized when the donor makes a promise to give to BRAC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the consolidated financial statements.

Grant Revenue Recognition

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

Leadership Program

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

Event Admissions and Sponsorships

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

Conditional Pledges

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

In 2016, BRAC initiated a new program of economic development for the Baton Rouge area. BRAC has secured five-year campaign pledge commitments of approximately \$3,181,316 through December 31, 2016. Receipts on pledges totaled \$2,948,343 for the year ended December 31, 2016. Outstanding conditional pledges receivable of \$291,749 as of December 31, 2016, relating to currently billed pledge payments for the economic development campaign, have not been reflected in these consolidated financial statements.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Membership Investments Receivables

Membership and other receivables are recorded at cost, net of an allowance for doubtful accounts. BRAC establishes an allowance for doubtful accounts based on historical experience and any specific collection issues that have been identified. Uncollectible receivables are written off against the allowance for doubtful accounts when BRAC determines the balance will not be collected. At December 31, 2017 and 2016, allowance for doubtful accounts was \$107,836 and \$35,400, respectively. BRAC does not require collateral for its receivables. Membership and other receivables in excess of 90 days at December 31, 2017 and 2016 were, \$120,091 and \$41,519, respectively.

Debt Issuance Costs

BRAC follows Accounting Standards Update (ASU) 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. BRAC defers debt issuance costs related to its note payable and amortizes the cost over the term of the note to interest expense.

Designated and Temporarily Restricted Net Assets

In 2007, the Board of Directors established a Reserve Fund which was designated for temporary cash needs. Interest earned on deposits in this fund remains designated. At December 31, 2017 and 2016, the balance in the reserve fund was \$766,082 and \$596,869, respectively.

BRAC receives contributions that are restricted for specific purposes by the donors. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase to temporarily restricted net assets and, upon satisfaction of the restriction, will be reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were \$258,000 and \$-0- in donor restricted contributions during 2017 and 2016, respectively.

Vacation Leave

Vacation leave is earned at varying rates from two to three weeks per year depending on length of service. A maximum of two or three weeks, depending on length of service, of unused vacation leave may be carried over at year end; however, additional time may be awarded at the discretion of management. Accordingly, \$54,736 and \$63,468 related to such unused vacation leave has been accrued at December 31, 2017 and 2016, respectively.

In-Kind Contributions

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

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes

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

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

Advertising

BRAC expenses advertising costs as they are incurred. Advertising costs of \$3,738 and \$2,514, were incurred during the years ended December 31, 2017 and 2016, respectively.

Reclassification

Certain items in the consolidated financial statements and accompanying footnotes for 2016 have been reclassified to conform to the current year presentation. Such reclassification had no effect on the increase in net assets.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements in ASC Top 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entitled expects to be entitled in exchange for those goods or services. FASB has also issued ASU 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*; ASU 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*; ASU 2016-11, *Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF meeting*; and ASU 2016-12, *Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients*, all of which were issued to improve and clarify the guidance in ASU 2014-09. These ASUs will be effective for BRAC beginning in the year ending December 31, 2019, and will be adopted using either a full or a modified retrospective approach. Management is currently assessing the potential effects of these changes to its financial statements.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

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

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 will be effective for BRAC in the year ending December 31, 2018. Management is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Note 2. Property and Equipment

Property and equipment at December 31, 2017 and 2016, consisted of the following:

Description	Service Life	2017	2016
Building and Improvements	15 - 40 Years	\$ 1,100,229	\$ 1,100,229
Computer Equipment and Software	3 - 5 Years	279,306	267,395
Office Equipment	5 - 10 Years	46,292	46,292
Furniture and Fixtures	5 - 10 Years	36,326	36,326
Land	-	53,497	53,497
		1,515,650	1,503,739
Less: Accumulated Depreciation		(1,187,255)	(1,143,656)
		328,395	360,083
Construction in Progress		268,329	-
Property and Equipment, Net		\$ 596,724	\$ 360,083

Depreciation expense was \$43,599 and \$44,163, for 2017 and 2016, respectively.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 3. Unearned Revenue

Unearned revenue at December 31, 2017 and 2016, consisted of the following:

	2017	2016
Unearned Membership Dues	\$ 262,323.00	\$ 269,884
Unearned Events	55,400	1,000
Unearned Leadership	44,750	51,200
Unearned Contributions	-	44,000
Total	\$ 362,473	\$ 366,084

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 2017 and 2016, were \$126,748 and \$126,331, of which \$-0- and \$3,995, respectively, was contributed using forfeited amounts.

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

Note 5. Related Party Transactions

BRAC provides FuturePAC (a political action committee) with incidental administrative support. The amount charged to FuturePAC for this support totaled \$6,000 and \$7,600 for the years ended December 31, 2017 and 2016, respectively. Amounts due from BRAC for various expenses paid on behalf of FuturePAC totaled \$9,150 and \$-0- for the years ended December 31, 2017 and 2016, respectively, which is included in due from related party on the consolidated statements of financial position. FuturePAC has not been included in these consolidated financial statements because it does not meet the requirements for consolidation.

During the normal course of business, BRAC purchases the services and/or materials and supplies provided by businesses associated with certain members of BRAC's Board of Directors. During 2017 and 2016, BRAC incurred costs of approximately \$161,991 and \$375,944, respectively, relating to services received from businesses associated with certain board members.

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 6 Line of Credit

BRAC had a \$250,000 unsecured, revolving line of credit with a bank that matured on December 31, 2018. Interest on advances was payable monthly at a variable interest rate equal to the prime rate, plus 1.20%, but not less than 4.45%. The balance at December 31, 2017 and 2016, was \$-0-. There was no interest expense charged on the line of credit in 2017 and 2016. This line of credit was closed in September 2017.

Note 7. Notes Payable

Notes payable at December 31, 2017 and 2016 consist of the following:

	2017	2016
Note payable to a bank, original amount of \$685,000, interest at 3.80%, secured by savings account, monthly interest only payments, with all unpaid principal and interest due at maturity on October 19, 2018	\$ 685,000	\$ -
Note payable to a bank, original amount of \$1,900,000, interest at 3.80%, secured by building, monthly interest only payments through April 2019, monthly principal and interest payments of \$10,270 beginning May 2019, with all unpaid principal and interest due at maturity on October 19, 2022	-	-
Note payable to a bank, original amount of \$501,000, interest at 3.80%, secured by all business assets, monthly interest only payments through October 2018, monthly principal and interest payments of \$9,194 beginning November 2018, with all unpaid principal and interest due at maturity on October 19, 2023	-	-
	685,000	-
Less: Current Portion of Notes Payable	(685,000)	-
Total	\$ -	\$ -

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

Note 7. Notes Payable (Continued)

The December 31, 2017 and 2016 principal and unamortized debt issue costs were as follows:

	2017	2016
Notes Payable Principal Balance	\$ 685,000	\$ -
Unamortized Debt Issue Costs	<u>(12,397)</u>	-
Note Payable, Net of Unamortized Debt Issue Costs	<u>\$ 672,603</u>	<u>\$ -</u>

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

Year Ending December 31,	Amount
2018	\$ 685,000
Total	<u>\$ 685,000</u>

BRAC has a financial debt covenant associated with the above notes payable, whereas BRAC must maintain a debt service coverage ratio of at least 1.20 to 1. The term "Debt Service Coverage Ratio" means BRAC's change in unrestricted net assets plus restricted building campaign funds received plus depreciation plus amortization plus any other non-cash charges plus interest expense divided by all contractually obligated principal payments plus interest paid during the year. As of December 31, 2017, BRAC was in compliance with this covenant.

Note 8. Operating Leases

BRAC has operating leases for office space and equipment. The amount paid during the year for these leases in 2017 and 2016, was \$52,211 and \$49,960, respectively. Future minimum lease payments are as follows:

Years Ending December 31,	Amount
2018	\$ 41,825
2019	11,088
2020	9,147
2021	3,324
2022	<u>1,939</u>
Total	<u>\$ 67,323</u>

BATON ROUGE AREA CHAMBER

Notes to Consolidated Financial Statements

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, 2017 and 2016, \$2,009,410 and \$1,024,638, respectively, of cash and cash equivalents are uninsured.

Note 10. 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 11. Commitments

BRAC has entered into a contract with an architect and contractor for the design and construction of renovations to its building. The contract includes a guaranteed maximum price of \$2,239,935. BRAC had paid \$268,329 towards this contract as of December 31, 2017. Construction is expected to be completed in July 2018.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 25, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Supplementary Information

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

We have audited the consolidated financial statements of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon which contains an unmodified opinion on those consolidated financial statements. See pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position as of December 31, 2017 and consolidating statement of activities for the year ended December 31, 2017 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of compensation, benefits, and other payments to chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A.(3) is also presented for purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



A Professional Accounting Corporation

Baton Rouge, LA
June 25, 2018

BATON ROUGE AREA CHAMBER
Consolidating Statement of Financial Position
December 31, 2017

Schedule I

	BRAC	GBREP	Eliminations	Total
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 1,756,767	\$ 753,217	\$ -	\$ 2,509,984
Membership Investments Receivable, Net	116,474	-	-	116,474
Other Receivables	45,604	37,573	-	83,177
Government Contracts Receivable	-	29,550	-	29,550
Due from Related Party	-	2,252,144	(2,242,994)	9,150
Prepaid Expenses	40,405	1,645	-	42,050
Total Current Assets	1,959,250	3,074,129	(2,242,994)	2,790,385
Property and Equipment, Net	596,724	-	-	596,724
Total Assets	\$ 2,555,974	\$ 3,074,129	\$ (2,242,994)	\$ 3,387,109
Liabilities				
Current Liabilities				
Accounts Payable	\$ 33,202	\$ 171,372	\$ -	\$ 204,574
Accrued Expenses	56,595	-	-	56,595
Due to Related Party	2,242,994	-	(2,242,994)	-
Current Maturities of Notes Payable, Net	672,603	-	-	672,603
Unearned Revenue	309,723	52,750	-	362,473
Total Liabilities	3,315,117	224,122	(2,242,994)	1,296,245
Net Assets				
Unrestricted				
Undesignated	(1,525,224)	2,850,007	-	1,324,783
Designated	766,081	-	-	766,081
Total Net Assets	(759,143)	2,850,007	-	2,090,864
Total Liabilities and Net Assets	\$ 2,555,974	\$ 3,074,129	\$ (2,242,994)	\$ 3,387,109

See independent auditor's report on supplementary information.

**BATON ROUGE AREA CHAMBER
Consolidating Statement of Activities
For the Year Ended December 31, 2017**

Schedule II

	BRAC	GBREP	Eliminations	Total
Changes in Unrestricted Net Assets				
Revenues				
Contributions	\$ 2,619,862	\$ 415,000	\$ -	\$ 3,034,862
In-Kind Contributions	534,564	24,208	-	558,772
Leadership Program	-	98,020	-	98,020
Event Admissions and Sponsorships	144,511	107,464	-	251,975
Membership Dues	415,613	-	-	415,613
Grants				
City of Baton Rouge/Parish of East Baton Rouge	-	350,000	-	350,000
Louisiana Regional Leadership Council	250,000	-	-	250,000
Baton Rouge Area Foundation	-	70,000	-	70,000
Office of Community Development	54,050	-	-	54,050
Louisiana Economic Development	-	29,550	-	29,550
Other	400	16,952	-	17,352
In-Kind Operational Contributions	-	1,430,170	(1,430,170)	-
Interest Income	2,212	-	-	2,212
Other Income	18,961	1,783	-	20,744
Total Revenues	4,040,173	2,543,147	(1,430,170)	5,153,150
Net Assets Released from Restrictions	183,000	75,000	-	258,000
Total Revenues and Reclassifications	4,223,173	2,618,147	(1,430,170)	5,411,150
Expenses				
Program Services				
Business Development	230,005	1,028,162	-	1,258,167
Marketing, Membership, and Events	1,005,790	216,896	-	1,222,686
Economic Competitiveness	457,303	165,414	-	622,717
Governmental Affairs	239,500	87,838	-	327,338
Total Program Services	1,932,598	1,498,310	-	3,430,908
General and Administrative				
Personnel	327,174	212,003	-	539,177
Professional Services	192,670	42,675	-	235,345
General Office	69,077	74,146	-	143,223
Occupancy	73,201	67,698	-	140,899
Bad Debt	91,710	-	-	91,710
Travel and Hosting	34,688	735	-	35,423
Other	21,981	459	-	22,440
Interest Expense	3,904	-	-	3,904
In-Kind Operational Contributions	1,430,170	-	(1,430,170)	-
Total General and Administrative	2,244,575	397,716	(1,430,170)	1,212,121
Total Expenses	4,177,173	1,896,026	(1,430,170)	4,643,029
Increase in Unrestricted Net Assets	46,000	722,121	-	768,121
Changes in Temporarily Restricted Net Assets				
Revenues				
Contributions	183,000	75,000	-	258,000
Net Assets Release from Restriction	(183,000)	(75,000)	-	(258,000)
Increase in Temporarily Restricted Net Assets	-	-	-	-
Increase in Total Net Assets	\$ 46,000	\$ 722,121	\$ -	\$ 768,121

See independent auditor's report on supplementary information.

BATON ROUGE AREA CHAMBER
Schedule of Compensation, Benefits, and Other Payments
to Chief Executive Officer
For the Year Ended December 31, 2017

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

See independent auditor's report on supplementary information.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND 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, 2017, and the related notes to the consolidated financial statements, which collectively comprise BRAC's basic consolidated financial statements, and have issued our report thereon dated June 25, 2018.

Internal Control Over Financial Reporting

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

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 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 control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA

June 25, 2018

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

For the Period of January 1, 2017 – December 31, 2017

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

We have performed the procedures enumerated below, which were agreed to by Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership (the Chamber) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2017 through December 31, 2017. The Chamber's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

Written Policies and Procedures

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**, including (1) the prohibitions as defined in Louisiana Revised Statute (LRS) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. Note: Debt service requirements are not applicable to nonprofits.

Results: The Chamber was able to provide written policies and procedures that addressed all applicable financial/business functions. Functions that were determined to not be applicable were items i) Ethics and j) Debt Service. The Chamber's policy on purchasing policy did not address Louisiana Public Bid Law, but did include the other elements listed above. The Chamber's policy on contracts did not address types of services requiring written contracts, standard terms and conditions, legal review, or monitoring process, but did include the other elements listed above. All other Chamber policies included the elements listed above.

Board (or Finance Committee, if applicable)

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

Results: Obtained and reviewed board minutes noting the Chamber's board met with a quorum eleven times during the fiscal period. There was no meeting held in July. Per the Chamber's bylaws, meetings will be held monthly but can be canceled at the discretion of the Chairman of the Board. The July meeting was cancelled at the discretion of the Chairman of the Board. The board minutes did not reference budget to actual comparisons, but these comparisons are included in the packets given to each board member at the meetings. The Chamber did not have a deficit during the fiscal year. The minutes referenced non-budgetary financial information in at least one meeting during the fiscal period.

Bank Reconciliations

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

Results: Obtained a listing of client bank accounts from management and management's representation that the listing provided is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: For the accounts selected, all monthly bank reconciliations were prepared timely. All reconciliations from August through December were properly reviewed by management. Prior to August, there was no evidence of management review of the reconciliations. No reconciling items were noted that had been outstanding for more than 6 months.

Collections

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

Results: Obtained a listing of cash/check/money order collection locations from management and management's representation that the listing provided was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: At each location selected, each person responsible for collecting cash is covered under an insurance policy covering employee theft of client property, and is not responsible for depositing cash in the bank, recording the related transaction, or reconciling the bank account. However, there was no mention of the insurance policy in the written policies and procedures. The Chamber does not have any formal cash registers or drawers.

The Chamber has a formal process to reconcile cash collections to the general ledger, primarily through bank reconciliations performed by a person who is not responsible for cash collections. However, the written policies and procedures do not mention this procedure.

All collections tested were deposited in a timely manner.

- 7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: The Chamber does not have formal process for determining completeness of collections aside from the monthly bank reconciliations.

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

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

Results: Obtained a listing of disbursements from management and management's representation that the listing provided was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: For 22 of the 25 disbursements selected, a purchase requisition or purchase order was not considered applicable as these were either recurring purchases or transfers between bank accounts. The supporting documentation for the remaining 3 of 25 disbursements, a check request form was properly initiated and approval on the form was by a person who did not initiate the purchase. 25 out of 25 disbursements were not processed without the applicable, required elements in c) above.

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

Results: The person responsible for processing payments is prohibited from adding vendors to the Chamber's purchasing/disbursements system.

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

Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

Results: Blank check stock is maintained in a cabinet in the Controller's locked office. No individuals with signatory authority have access.

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

Results: The Chamber does not use a signature stamp or machine. Signed checks are returned to the accounting department for mailing.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: Obtained a listing of all active cards from management and management's representation that the listing provided was complete.

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

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: The monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder on the selected statements.

No late payments or finance fees were noted on the selected statements.

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

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

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

Results: All transactions selected were supported by an original itemized receipt and a documentation of the business/public purpose. No purchases or projects were noted for which public bid law was applicable. There were no exceptions to the criteria listed in b) and c) above.

Travel and Expense Reimbursement

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

Results: Obtained a listing of all travel and related expense reimbursements by person during the fiscal year from management and management's representation that the listing provided was complete.

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

Results: Obtained the Chamber's written policies and procedures for travel expenses. The policy addresses that mileage be reimbursed at the standard IRS rate. These rates do not exceed the GSA Meals and Incidental Expense (M&IE) rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: The largest travel expense selected for each of the three persons selected was supported by documentation listed in criteria a) through d).

Contracts

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

Results: Obtained a listing of all contracts in effect during the fiscal year from management and management's representation that the listing provided was complete.

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: A formal/written contract existed for all sampled contract that supported the services provided and the amount paid.

No contracts selected were subject to the Louisiana Public Bid Law or Procurement Code.

One contract contained an amendment that verified the guaranteed maximum contract price.

The largest payment from each contract agreed to the supporting invoice and contract terms.

The Chamber's contract policy requires the CEO to approve all. Evidence of the CEO's approval was reviewed for all contracts selected.

Payroll and Personnel

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

Results: Obtained the listing of employees with their related salaries and management's representation that the listing provided was complete. The compensation paid to the five selected employees was in accordance with the terms and conditions of the employment contract or pay rate structure, and the changes made to pay rate during the fiscal year was approved in writing in accordance with written policy.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: All of the documentation listed in items a), b), and c) above was present for the 25 employees randomly selected.

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

Results: Obtained the listing of employees terminated during the fiscal year and management's representation that the listing provided was complete. The two largest termination payments selected were made in accordance with policy.

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

Results: The appropriate employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines for all payroll tax and retirement contribution supporting documentation sampled.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: This section is not applicable as The Chamber is a nonprofit.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: This section is not applicable as The Chamber is a nonprofit.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: This section is not applicable as The Chamber is a nonprofit.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: This section is not applicable as The Chamber is a nonprofit.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: This section is not applicable as The Chamber is a nonprofit.

Other

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

Results: Our inquiry of management regarding misappropriations of public funds or assets identified no such instances of misappropriations.

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

Results: The LLA hotline notice per LRS 24:523.1 was posted on the Chamber's premises, but not on the Chamber's website.

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

Results: No exceptions were noted regarding management's representations noted.

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

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

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

A Professional Accounting Corporation

Baton Rouge, LA
June 25, 2018