

North Louisiana Economic Partnership, Inc.
Financial Statements
As of and for the Years Ended December 31, 2013 and 2012

North Louisiana Economic Partnership, Inc.

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	
<i>For the Year Ended December 31, 2013</i>	4
For the Year Ended December 31, 2012	5
Statements of Functional Expenses	
For the Year Ended December 31, 2013	6
For the Year Ended December 31, 2012	7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 13
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>	14 – 15
<i>Summary Schedule of Audit Findings</i>	16

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
North Louisiana Economic Partnership, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of North Louisiana Economic Partnership, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years 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 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 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 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 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 auditor's 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 financial position of North Louisiana Economic Partnership, Inc., as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014 on our consideration of the North Louisiana Economic Partnership, Inc.'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 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 North Louisiana Economic Partnership, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 25, 2014

North Louisiana Economic Partnership, Inc.
 Statements of Financial Position
 December 31, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 599,435	\$ 668,972
Accounts receivable	23,579	22,340
Prepaid expenses	27,061	16,984
Unconditional promises to give	467,456	609,480
Total current assets	1,117,531	1,317,776
Noncurrent assets:		
Unconditional promises to give	728,640	1,164,840
Property and equipment, net	41,162	47,782
Total noncurrent assets	769,802	1,212,622
Total Assets	\$ 1,887,333	\$ 2,530,398
Liabilities and Net Assets		
Current Liabilities		
Other payable	\$ 115,134	\$ 79,713
Accounts payable and accrued expenses	115,134	79,713
Total current liabilities	115,134	79,713
Net assets		
Unrestricted:		
Operating	534,941	628,583
Fixed assets	41,162	47,782
Temporarily restricted	1,196,096	1,774,320
Total net assets	1,772,199	2,450,685
Total Liabilities and Net Assets	\$ 1,887,333	\$ 2,530,398

The accompanying notes are an integral part of the financial statements.

North Louisiana Economic Partnership, Inc.
Statement of Activities
For the Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Totals
Revenues, gains, support and reclassifications:			
Rent and royalties	\$ 241,801	\$	\$ 241,801
Grants and contracts	175,907		175,907
Contributions and donations	597,846	15,000	612,846
Miscellaneous	63,437		63,437
Net assets released from restrictions			
Satisfaction of program restrictions	593,224	(593,224)	
Total revenues, gains, support and reclassifications	<u>1,672,215</u>	<u>(578,224)</u>	<u>1,093,991</u>
Functional Expenses:			
Supporting services			
General and administrative	467,259		467,259
Program services			
Economic development	<u>1,305,218</u>		<u>1,305,218</u>
Total expenses	<u>1,772,477</u>		<u>1,772,477</u>
Change in net assets	(100,262)	(578,224)	(678,486)
Net assets, beginning of year	<u>676,365</u>	<u>1,774,320</u>	<u>2,450,685</u>
Net assets, end of year	<u>\$ 576,103</u>	<u>\$ 1,196,096</u>	<u>\$ 1,772,199</u>

The accompanying notes are an integral part of the financial statements.

North Louisiana Economic Partnership, Inc.
Statement of Activities
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Totals
Revenues, gains, support and reclassifications:			
Rent and royalties	\$ 273,402	\$	\$ 273,402
Grants and contracts	154,581		154,581
Contributions and donations	503,191	171,000	674,191
Interest	24		24
Miscellaneous	59,520		59,520
Net assets released from restrictions			
Satisfaction of program restrictions	707,909	(707,909)	
Total revenues, gains, support and reclassifications	<u>1,698,627</u>	<u>(536,909)</u>	<u>1,161,718</u>
Functional Expenses:			
Supporting services			
General and administrative	264,247		264,247
Program services			
Economic development	<u>1,133,740</u>		<u>1,133,740</u>
Total expenses	<u>1,397,987</u>		<u>1,397,987</u>
Change in net assets	300,640	(536,909)	(236,269)
Net assets, beginning of year	<u>375,725</u>	<u>2,311,229</u>	<u>2,686,954</u>
Net assets, end of year	<u>\$ 676,365</u>	<u>\$ 1,774,320</u>	<u>\$ 2,450,685</u>

The accompanying notes are an integral part of the financial statements.

North Louisiana Economic Partnership, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2013

	<u>Support Services</u>	<u>Program Services</u>	
	General and Administrative	Economic Development	<u>Totals</u>
Salaries and commissions	\$ 127,139	\$ 555,585	\$ 682,724
Payroll services	33,750		33,750
Payroll taxes	9,626	42,070	51,696
Pension expense	7,903	34,539	42,442
Other employee benefits	11,154	48,752	59,906
Advertising		59,255	59,255
Liability insurance	5,434		5,434
Building rent	13,948	60,962	74,910
Office supplies	4,383		4,383
Periodicals and dues		25,832	25,832
Postage	3,649		3,649
Professional expense	15,810		15,810
Photocopy and printing		2,304	2,304
Travel	9,770	42,699	52,469
Contract labor		5,000	5,000
Professional development	9,177	40,108	49,285
Repairs and maintenance		9,423	9,423
Computer expense		30,106	30,106
Telephone	2,519	11,011	13,530
Miscellaneous	15,428	67,429	82,857
DED - Tier I and II contracts		176,072	176,072
WINLA contract		20,575	20,575
Website development		13,754	13,754
Business relations		22,378	22,378
Business development		37,364	37,364
Bad debt expense	180,175		180,175
Loss on disposal	5,249		5,249
Depreciation	12,145		12,145
Total expenses	<u>\$ 467,259</u>	<u>\$ 1,305,218</u>	<u>\$ 1,772,477</u>

The accompanying notes are an integral part of the financial statements.

North Louisiana Economic Partnership, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2012

	<u>Support Services</u>	<u>Program Services</u>	
	General and Administrative	Economic Development	<u>Totals</u>
Salaries and commissions	\$ 103,445	\$ 472,057	\$ 575,502
Payroll services	45,000		45,000
Payroll taxes	7,826	33,363	41,189
Pension expense	8,909	37,979	46,888
Other employee benefits	10,134	43,203	53,337
Advertising		45,010	45,010
Liability insurance	4,473		4,473
Building rent	11,934	50,875	62,809
Office supplies	6,221		6,221
Periodicals and dues		2,014	2,014
Postage	2,677		2,677
Professional expense	14,098		14,098
Photocopy and printing		2,189	2,189
Travel	10,603	60,083	70,686
Contract labor		32	32
Professional development	8,499	48,159	56,658
Repairs and maintenance		3,310	3,310
Computer expense		5,931	5,931
Telephone	3,990	22,610	26,600
Miscellaneous	12,870	54,870	67,740
DED - Tier I and II contracts		122,697	122,697
Membership dues		29,025	29,025
Website development		8,075	8,075
Business relations		19,358	19,358
Reserve for bad debts		72,900	72,900
Depreciation	13,569		13,569
Total expenses	<u>\$ 264,247</u>	<u>\$ 1,133,740</u>	<u>\$ 1,397,987</u>

The accompanying notes are an integral part of the financial statements.

North Louisiana Economic Partnership, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2013 and 2012

Operating Activities	2013	2012
Changes in net assets	\$ (678,486)	\$ (236,269)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	12,145	13,569
Loss on disposal of capital assets	5,249	
(Increase) decrease in operating assets:		
Accounts receivable	(1,239)	75,373
Prepaid expenses	(10,077)	(16,984)
Unconditional promises to give	578,224	536,909
Increase (decrease) in operating liabilities		
Other payable	35,421	79,713
Net cash provided (used) by operating activities	(58,763)	452,311
 Investing Activities		
Purchase of equipment	(10,774)	(46,726)
Net cash provided (used) by investing activities	(10,774)	(46,726)
 Net increase (decrease) in cash and cash equivalents	(69,537)	405,585
 Cash and cash equivalents as of beginning of year	668,972	263,387
 Cash and cash equivalents as of end of year	\$ 599,435	\$ 668,972

The accompanying notes are an integral part of the financial statements.

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2013 and 2012

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The North Louisiana Economic Partnership, Inc. (NLEP) (formerly Northwest Louisiana Economic Development Foundation, Inc.) is a nonprofit organization incorporated under the laws of the State of Louisiana and is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code. The purpose of the North Louisiana Economic Partnership, Inc. is to assist local government by studying problems such as public education, crime prevention, poverty, and economic development and publicize the results of its research and recommendations, and to work for the general betterment of the North Louisiana area.

NLEP was formed on January 1, 2011 as a result of a merger of two not-for-profit entities – North Louisiana Economic Development Foundation and North Louisiana Economic Development Corporation. Both entities share the same common mission of promoting economic development in north Louisiana. Through their merger, the entities seek to further their common mission by expanding their abilities to promote economic development in north Louisiana.

B. Basis of Accounting

The financial statements of the North Louisiana Economic Partnership, Inc. have been prepared on the accrual basis of accounting.

C. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

D. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the North Louisiana Economic Partnership, Inc. considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2013 and 2012
(Continued)

F. Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise to give is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Management provides for probable uncollectible amounts through establishment of an allowance, based on its assessment of recent collection history and current donor relationships. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. The North Louisiana Economic Partnership, Inc. has adopted a policy of capitalizing all assets with a unit value of \$1,000 or more.

H. Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

I. Income Tax Status

The North Louisiana Economic Partnership, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Partnership's tax-exempt purpose is subject to taxation as unrelated business income. The Partnership had no such income during this audit period. The North Louisiana Economic Partnership, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2010, 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

J. Advertising Costs

The NLEP uses advertising to promote its services among the community it serves. The costs of advertising are expensed as incurred. During 2013 and 2012, advertising costs totaled \$59,255 and \$45,010, respectively.

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2013 and 2012
(Continued)

(2) Concentrations of Credit Risk

Concentrations of credit risk with respect to promises to give are limited due to the large number of contributors comprising the North Louisiana Economic Partnership, Inc.'s contributor base and their dispersion across different industries. As of December 31, 2013 and 2012 the North Louisiana Economic Partnership, Inc. had no significant concentrations of credit risk in relation to promises to give.

The Partnership maintains cash balances at financial institutions located in the Shreveport area. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At December 31, 2012 total cash balances held at financial institutions was \$671,511, which was entirely secured by FDIC. At December 31, 2013 total cash balances held at financial institutions was \$605,851. Of this amount, \$362,697 was secured by FDIC, and the remaining \$243,154 was unsecured.

(3) Accounts Receivable

Accounts receivable of \$23,579 and \$22,340 at December 31, 2013 and 2012, respectively, is comprised of riverboat boarding fees due to the North Louisiana Economic Partnership, Inc. as of the end of the year but not received until after that date.

(4) Promises to Give

The North Louisiana Economic Partnership, Inc. began an economic development campaign in 2011 entitled Regionalism Works. Promises to give are restricted to payment of costs associated with economic development projects and projects supporting the economic growth of north Louisiana. The promises to give are shown net of an allowance for uncollectible promises to give of \$299,024 at December 31, 2013 and \$443,580 at December 31, 2012.

Unconditional promises to give at December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 467,456	\$ 609,480
Receivable in one to five years	<u>728,640</u>	<u>1,164,840</u>
Net unconditional promises to give	<u>\$ 1,196,096</u>	<u>\$ 1,774,320</u>

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2013 and 2012
(Continued)

(5) Property and Equipment

Property and equipment at December 31, 2013 and 2012, with estimated depreciable life, are summarized as follows:

		<u>2013</u>	<u>2012</u>
Furniture, fixtures, equipment	3–10 years	\$ 85,918	\$ 94,475
Accumulated Depreciation		<u>(44,756)</u>	<u>(46,693)</u>
		<u>\$ 41,162</u>	<u>\$ 47,782</u>

Depreciation expense for the years ended December 31, 2013 and 2012 was \$12,145 and \$13,569, respectively.

(6) Current Liabilities

Accounts payable and accrued expenses at December 31, 2013, consisted of the following:

Accounts payable	\$ 81,626
Accrued leave payable	<u>33,508</u>
	<u>\$ 115,134</u>

Other payable at December 31, 2012, consists of an amount due to the Greater Shreveport Chamber of Commerce (Chamber) for expense reimbursement. Pursuant to an expense reimbursement agreement entered into between the Chamber and NLEP, the Chamber will provide personnel and services for the NLEP in return for the reimbursement of those expenses. This is the amount due to the Chamber but not yet paid as of December 31, 2012. This expense reimbursement agreement ended June 30, 2013.

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets represent unconditional promises to give with payment dates in future periods to be used to support activities of NLEP.

(8) Endowment Account with Community Foundation of Shreveport-Bossier

The NLEP entered into an agreement with the Community Foundation of Shreveport–Bossier (CFSB). The agreement establishes an Agency Endowment Fund at CFSB called "Northwest Louisiana Economic Development Foundation Fund" (Fund). All property of the Fund belongs to CFSB. The fund will be used for support of the charitable purposes of the Partnership. Net income and capital appreciation of the Fund, as governed by CFSB's Spending Policy, will be paid and distributed to the Partnership at least annually, for as long as the Partnership is a Qualified Charitable Organization.

No transfers were made to the fund during the years ended December 31, 2013 or 2012. The fair market value of the fund at December 31, 2013 and 2012 was \$270,903 and \$254,237, respectively.

(Continued)

North Louisiana Economic Partnership, Inc.
Notes to Financial Statements
December 31, 2013 and 2012
(Continued)

(9) Employee Benefit Plans

Through June 30, 2013, NLEP's employees participated in a 401(k) profit sharing plan as employees of the Greater Shreveport Chamber of Commerce (Chamber) pursuant to an expense reimbursement agreement entered into between the Chamber and NLEP. Amounts reimbursed to the Chamber for contributions to the plan for the years ended December 31, 2013 and 2012 were \$20,903 and \$46,888, respectively. The expense reimbursement agreement ended June 30, 2013.

On July 1, 2013, NLEP established a 401(k) profit sharing plan whereby NLEP makes contributions to the Plan each year up to 8% of participating employee's compensation. Total expenses for the year ended December 31, 2013, was approximately \$21,539.

(10) Operating Leases

The NLEP leases certain office space under operating leases. Rental costs on the leases for the years ended December 31, 2013 and 2012, was \$74,910 and \$62,809, respectively.

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2014	\$ 72,431
2015	74,846
2016	76,000
2017	9,078
Total minimum future rentals	<u>\$ 232,355</u>

(11) Related Parties

NLEP leases office space in an office building which is owned by a business in which a member of the board of directors of North Louisiana Economic Partnership is a part owner. Total payments made during 2013 and 2012 totaled \$36,982 and \$36,080, respectively, which is included in total rental costs noted above of \$74,910 in 2013 and \$62,809 in 2012.

(12) Subsequent events

Subsequent events have been evaluated through June 25, 2014, the date the financial statements were available to be issued.

(13) Commitment

NLEP entered into a consulting agreement in December, 2013 for economic development strategic planning services. The contract total is \$150,000. The amount incurred under this contract as of December 31, 2013 was \$64,662. The remaining balance of \$85,338 will be incurred subsequent to December 31, 2013.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A EDWARD BALL, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on An Audit of Financial
Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

To the Board of Directors
North Louisiana Economic Partnership, Inc.

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 financial statements of North Louisiana Economic Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Louisiana Economic Partnership, Inc.'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 North Louisiana Economic Partnership, Inc.'s *internal control*. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Summary Schedule of Audit Findings, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Summary Schedule of Audit Findings as item 2013-1 to be a material weakness. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Louisiana Economic Partnership, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, 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*.

North Louisiana Economic Partnership, Inc.'s Response to Findings

North Louisiana Economic Partnership, Inc.'s response to the finding identified in our audit is described in the accompanying summary schedule of audit findings. North Louisiana Economic Partnership, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 25, 2014

North Louisiana Economic Partnership, Inc.
Summary Schedule of Audit Findings
December 31, 2013

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2012.

Corrective Action Plan for Current Year Audit Findings

There is one material weakness for the current year audit for the year ended December 31, 2013, as follows:

2013-1 – Internal Controls

Criteria: Internal controls should be in place to ensure that a material misstatement of the entity's financial statements will be prevented, or detected and corrected on a timely basis.

Condition: The entity's accounting functions were performed by the Greater Shreveport Chamber of Commerce until June 30, 2013. Effective July 1, 2013, the entity itself began performing all accounting functions.

Material Weakness: During our audit, we noted several issues with regards to internal controls. There was no documented review of the bank statements and bank reconciliations on a monthly basis. In addition, there was no documented review of payroll direct deposit reports or payroll postings to the general ledger. There was also no review of the detailed general ledger, journal entries, and payroll tax reports. Additionally, the listing of pledges receivable were not reconciled to subsequent receipts or write-offs. Furthermore, credit card statements were not reconciled to actual receipts prior to payment.

Cause: The agency transitioned its accounting services in-house during the year. As a result, several internal controls which were previously performed by other individuals were either not performed or not documented after transition.

Effect: There was not adequate evidence that controls were in place to ensure that a material misstatement of the entity's financial statements would be prevented, or detected and corrected on a timely basis. Significant time was required to analyze and reconcile payroll postings and pledges receivable. Significant journal entries were needed to adjust those accounts on the general ledger.

Recommendation: We recommend NLEP establish controls to ensure that bank statements and bank account reconciliations are reviewed and physically approved on a monthly basis. We also recommend a documented review and approval of payroll direct deposit reports, payroll postings to the general ledger, journal entries, payroll tax reports, and the detailed general ledger on a monthly / periodic basis. In addition, we recommend a review and reconciliation of the listing of pledges receivable to subsequent payments and / or write-offs on a routine basis. We further recommend that all credit card statements be reconciled to detailed receipts to support the purpose of each charge prior to payment.

Management's Response: The NLEP developed a set of standard operating procedures establishing internal controls for general ledger entry review including the status of and follow-up required for pledges receivable, oversight of bank statements and bank account reconciliations, payroll (deposits and general ledger entries), and credit card statement review and reconciliation. This set of standard operating procedures will be utilized by the NLEP to address the material weakness referenced above.