

Monroe Chamber of Commerce, Inc.

**Consolidated Financial Statements
As of and for the Years Ended
December 31, 2014 and 2013**

Monroe Chamber of Commerce, Inc.

Consolidated Financial Statements As of and for the Years Ended December 31, 2014 and 2013

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HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Monroe Chamber of Commerce, Inc.**

We have audited the accompanying consolidated financial statements of the **Monroe Chamber of Commerce, Inc.** and the **Monroe Chamber Foundation** (a nonprofit organization, the Chamber), which collectively comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related consolidated notes to the financial statements.

Management's Responsibility for the 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.

Auditors' 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 consolidated financial statements are free from 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 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Monroe Chamber of Commerce, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of December 31, 2014 and 2013, 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.

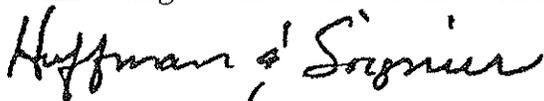
Other Matters

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the Chamber's consolidated basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the consolidated basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the consolidated basic 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 basic financial statements or to the consolidated basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2015, on our consideration of the Chamber's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chamber's internal control over financial reporting and compliance.



(A Professional Accounting Corporation)

April 13, 2015

FINANCIAL STATEMENTS

MONROE CHAMBER OF COMMERCE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2014		
	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current Assets			
Cash	\$ 233,806	\$ 18,027	\$ 251,833
Receivables			
Membership Dues	4,950	-	4,950
Total Resource Development Campaign	5,800	-	5,800
Other	3,490	-	3,490
Total Current Assets	<u>248,046</u>	<u>18,027</u>	<u>266,073</u>
Property and Equipment			
Furniture, Fixtures and Equipment	195,241	-	195,241
Less Accumulated Depreciation	(186,100)	-	(186,100)
Net Property and Equipment	<u>9,141</u>	<u>-</u>	<u>9,141</u>
Other Assets			
Notes Receivable	17,500	-	17,500
Prepaid Expenses	7,494	-	7,494
Total Other Assets	<u>24,994</u>	<u>-</u>	<u>24,994</u>
TOTAL ASSETS	<u>\$ 282,181</u>	<u>\$ 18,027</u>	<u>\$ 300,208</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Payables	3,500	-	3,500
Capital Lease Obligations - Current Portion	4,294	-	4,294
Refundable Advances	840	-	840
Deferred Revenue			
Membership Dues	77,861	-	77,861
Governmental Contracts	2,500	-	2,500
Total Current Liabilities	<u>88,995</u>	<u>-</u>	<u>88,995</u>
Long-Term Liabilities			
Capital Lease Obligations	4,548	-	4,548
Total Long-Term Liabilities	<u>4,548</u>	<u>-</u>	<u>4,548</u>
Total Liabilities	93,543	-	93,543
Net Assets			
Temporarily Restricted	-	18,027	18,027
Unrestricted	188,638	-	188,638
Total Net Assets	<u>188,638</u>	<u>18,027</u>	<u>206,665</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 282,181</u>	<u>\$ 18,027</u>	<u>\$ 300,208</u>

The accompanying notes are an integral part of these statements.

December 31, 2013

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 213,096	\$ 2,352	\$ 215,448
14,715	-	14,715
17,600	-	17,600
10,711	-	10,711
<u>256,122</u>	<u>2,352</u>	<u>258,474</u>
184,281	-	184,281
(182,201)	-	(182,201)
<u>2,080</u>	<u>-</u>	<u>2,080</u>
32,500	-	32,500
1,979	-	1,979
<u>34,479</u>	<u>-</u>	<u>34,479</u>
<u>\$ 292,681</u>	<u>\$ 2,352</u>	<u>\$ 295,033</u>
\$ 8,687	\$ -	\$ 8,687
4,693	-	4,693
1,048	-	1,048
-	-	-
76,131	-	76,131
4,166	-	4,166
<u>94,725</u>	<u>-</u>	<u>94,725</u>
-	-	-
-	-	-
94,725	-	94,725
-	2,352	2,352
197,956	-	197,956
<u>197,956</u>	<u>2,352</u>	<u>200,308</u>
<u>\$ 292,681</u>	<u>\$ 2,352</u>	<u>\$ 295,033</u>

MONROE CHAMBER OF COMMERCE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For the Year Ended December 31, 2014		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Membership Dues	\$ 218,364	\$ -	\$ 218,364
Administrative	23,799	-	23,799
Communications	36,472	-	36,472
Workforce Development	95,394	71,200	166,594
Government Relations/Affairs	233,981	-	233,981
Leadership	38,850	-	38,850
Annual Banquet	50,335	-	50,335
Special Events Revenue	98,380	-	98,380
Less Costs of Direct Benefits to Donors	(37,829)	-	(37,829)
Total Unrestricted Support	757,746	71,200	828,946
Net Assets Released from Restriction	55,525	(55,525)	-
Total Support and Revenue	813,271	15,675	828,946
Expenses			
Program Services			
Workforce Development Division	130,689	-	130,689
Government Relations/Affairs Division	317,970	-	317,970
Membership Services Division	52,284	-	52,284
Total Program Services Expenses	500,943	-	500,943
Supporting Services			
Management and General	227,663	-	227,663
Fundraising	23,233	-	23,233
Membership Development	70,750	-	70,750
Total Supporting Services Expenses	321,646	-	321,646
Total Expenses	822,589	-	822,589
Increase (Decrease) in Net Assets	(9,318)	15,675	6,357
Net Assets at Beginning of Year	197,956	2,352	200,308
NET ASSETS AT END OF YEAR	\$ 188,638	\$ 18,027	\$ 206,665

The accompanying notes are an integral part of these statements.

For the Year Ended December 31, 2013

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 235,719	\$ -	\$ 235,719
9,632	-	9,632
43,322	-	43,322
59,495	49,700	109,195
275,534	-	275,534
44,197	-	44,197
58,210	-	58,210
104,755	-	104,755
(37,999)	-	(37,999)
<u>792,865</u>	<u>49,700</u>	<u>842,565</u>
<u>50,110</u>	<u>(50,110)</u>	<u>-</u>
842,975	(410)	842,565
113,464	-	113,464
341,810	-	341,810
54,021	-	54,021
<u>509,295</u>	<u>-</u>	<u>509,295</u>
230,690	-	230,690
23,219	-	23,219
59,484	-	59,484
<u>313,393</u>	<u>-</u>	<u>313,393</u>
<u>822,688</u>	<u>-</u>	<u>822,688</u>
20,287	(410)	19,877
<u>177,669</u>	<u>2,762</u>	<u>180,431</u>
<u>\$ 197,956</u>	<u>\$ 2,352</u>	<u>\$ 200,308</u>

MONROE CHAMBER OF COMMERCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended	
	December 31,	
	2014	2013
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 6,357	\$ 19,877
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	5,836	4,191
Rental Expense - noncash	15,000	15,000
Changes in Assets and Liabilities:		
Membership Dues Receivable	9,765	(1,080)
Total Resource Development Campaign Receivable	11,800	1,801
Governmental Contract Receivable	-	2,500
Other Receivables	7,221	44,612
Prepaid and Other Assets	(5,515)	16,520
Accounts Payable	(8,687)	(11,313)
Accrued Payables	(1,193)	2,040
Refundable Advances	840	(1,575)
Deferred Revenue - Membership Dues	1,730	(7,078)
Deferred Revenue - Governmental Contracts	(1,666)	(10,001)
Total Adjustments	35,131	55,617
Net Cash Provided by Operating Activities	41,488	75,494
Cash Flows from Financing Activities		
Principal Paid on Capital Lease	(5,103)	(3,277)
Net Cash Used by Financing Activities	(5,103)	(3,277)
Net Increase in Cash	36,385	72,217
Cash at Beginning of Year	215,448	143,231
Cash at End of Year	\$ 251,833	\$ 215,448
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	\$ 647	\$ 650
Income Taxes	\$ 2,177	\$ 1,833
Non-Cash Operating Activities		
In-Kind Contributions	\$ 149,705	\$ 152,770
Materials, Services and Supplies	\$ (138,150)	\$ (145,675)
Non-Cash Investing Activities		
Decrease in Note Receivable in Exchange for Rent	\$ (15,000)	\$ (15,000)
Non-Cash Financing and Capital Activities		
Capital Lease Obligation	\$ 12,898	\$ -
Purchase of Equipment Through Capital Lease	\$ (12,898)	\$ -

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 1 - Summary of Significant Accounting Policies

Organization and Consolidation

The Monroe Chamber of Commerce, Inc. was incorporated September 1947 under the laws of the State of Louisiana. The Articles of Incorporation were restated in December 2010, and among other things, stated that the objectives and purposes of the organization are “to advance and protect the general welfare and prosperity of Ouachita Parish and the surrounding area so that the business community and its citizens shall prosper. All appropriate and necessary means of promotion shall be provided and particular attention shall be given to the economic, financial, commercial, agricultural, industrial, governmental, educational, and civic activities of the region. The Chamber shall observe all laws applicable to a nonprofit organization as defined in Section 501(c)(6) of the Internal Revenue Code or the corresponding provision of any such future law.”

In 1980 the Monroe Chamber Foundation was formed under Section 501(c)(3) of the Internal Revenue Code to pursue charitable, scientific, literary or educational purposes. The Board of Directors is elected in conjunction with the Monroe Chamber of Commerce, Inc.’s Board of Directors (Executive Committee) such that members of the Monroe Chamber of Commerce, Inc.’s Board of Directors (Executive Committee) are also members of the Monroe Chamber Foundation’s Board of Directors. As a result, the financial statements are consolidated to include both the Monroe Chamber of Commerce, Inc. and the Monroe Chamber Foundation (the Chamber) such that all intra-entity transactions have been eliminated.

Basis of Presentation

The Chamber has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-25, “Not For Profit Entities-Revenue Recognition”, and FASB ASC 958-205, “Not For Profit Entities-Presentation of Financial Statements”.

FASB ASC 958-205 establishes standards for financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. FASB ASC 958-605-25 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets can be subject to donor-imposed stipulations that may or will be met by either actions of the Chamber and/or the passage of time. At December 31, 2014 and 2013, the Chamber has \$18,027 and \$2,352 in

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

temporarily restricted assets for funding received from entities for workforce development programs to be administered by the Chamber.

Permanently Restricted Net Assets – Net assets can be subject to donor-imposed stipulations that require the asset be maintained permanently by the Chamber. As of December 31, 2014 and 2013, the Chamber does not have any permanently restricted net assets.

The Chamber's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position is available.

Basis of Accounting

The financial statements of the Chamber have been prepared on the accrual basis. The significant accounting policies followed by the Chamber are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

The Chamber considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost and donated assets are recorded at fair market value on the date of the donation. The Chamber capitalizes all property valued at \$500 or more that have an estimated useful life of one year or more. All other expenditures are expensed as incurred. The cost of assets retired or otherwise removed and the related accumulated depreciation are eliminated from the accounts in the year of removal, with the resulting gain or loss credited or charged to operations. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets ranging from three years for computer equipment to ten years for office furniture and equipment.

Deferred Revenue

Membership dues are billed on a monthly basis, coinciding with the month the member joined the Chamber. Membership revenue is deferred and recognized in the statement of activities on a straight-line basis over a one year period. Membership receivables are written off as uncollectible when they become 120 days past due.

Refundable Advances

Refundable advances consist of payments received during the Total Resource Development Campaign for events or programs to be carried out in the following year. These refundable advances are recognized as income in the subsequent year either on a straight line basis or as the individual event occurs.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Compensated Absences

Employees receive one week of vacation after six months, two weeks after one year, three weeks after five years, and four weeks after ten years of service. Vacation time is forfeited unless taken by year-end. Five days of sick leave are allowed annually. Employees are not compensated for any unused leave upon termination. Accordingly, no accrual for unpaid leave time is included in the financial statements.

Functional Allocation of Expenses

Program services expenses are those directly related to the purposes for which the Chamber exists. Supporting services expenses reflect other expenses incurred in operating the programs, fund raising, and membership development. Various operating expenses not directly connected with a specific function or program service is allocated to supporting services. The direct costs of providing the various programs and other activities have been summarized in the statements of activities. Salaries and employee benefits are allocated to program and supporting services based upon management's estimate of time each employee devotes to various activities.

Program services include:

Workforce Development Division – supports a combination of educational and workforce training needs throughout the region served by the Chamber. Some of the programs sponsored by the division are Accent on Excellence Breakfast and the regional Career Fair.

Government Relations/Affairs Division – focuses on state, local, and federal government initiatives. The Chamber has two registered state lobbyists on staff. These individuals are in Baton Rouge during Legislative Sessions as needed. They also conduct an annual Northern Exposure advocacy trip to the State Capital. On the local front, the Chamber has an agreement with the City of Monroe, to represent the City in the areas of economic development, state and federal advocacy, and transportation and infrastructure. The Chamber also conducts one trip to Washington, D. C., to meet with House and Senate members as well as various Federal agencies to promote issues of concern for our area.

Membership Services Division – benefits members of the Chamber by providing valuable information through a weekly newsletter and a semi-annual news magazine. The Chamber also provides literature to acquaint newcomers with Ouachita Parish which is also available on the Chamber's web site.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Supporting services include:

Management and General – includes oversight, business management, general record keeping, budgeting, financing, soliciting revenue from exchange transactions, such as government contracts and related administrative activities.

Fundraising - includes the costs of the annual Holiday Auction held in December of each year. The Chamber also hosts a golf tournament for members to raise funds.

Membership Development – includes soliciting for prospective members, membership dues and the Total Resource Development Campaign which solicits participation in and support of its various programs in fulfilling the mission of the Chamber and enhancing benefits to the membership.

Donated Materials and Services

Capital items are recorded at their fair market value on the date of donation. The value of contributed services and miscellaneous materials meeting the requirements for recognition in the financial statements are recognized as revenues and related expenses for gifts-in-kind.

Tax Status

The Monroe Chamber of Commerce, Inc. has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(6) and the Monroe Chamber Foundation has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code; therefore, there is no provision for income taxes in the accompanying financial statements except for tax on unrelated trade or business income related to the sale of maps and tabloids. Income tax expense for the years ended December 31, 2014 and 2013 was \$477 and \$1,533, respectively and is presented in Management and General Expenses. The Chamber is subject to income tax examinations by the Internal Revenue Service and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The Chamber is subject to income tax examinations for the years ended December 31, 2011, 2012, 2013, and 2014.

Impairment of Long-Lived Assets

The Chamber assets whether there has been impairment in the value of its long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the assets. If such assets are considered to be impaired, the amount of impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No assets were deemed to be impaired at December 31, 2014 or 2013.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Minor reclassifications have been made to the prior year financial statements of the Chamber to make them comparable to the current year presentation.

Note 2 - Cash

The Chamber's reconciled cash balance (book balance) at December 31, 2014, was \$251,832 with a bank balance of \$255,678, all of which was covered by federal deposit insurance. At December 31, 2013, the book balance was \$215,448 with a bank balance of \$228,177, all of which was covered by federal deposit insurance. The Chamber deposits are maintained in two local financial institutions.

Note 3 - Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2014	2013
Furniture	\$145,439	\$ 145,877
Electronic Equipment	41,736	30,338
Signage	8,066	8,066
Less Accumulated Depreciation	(186,100)	(182,201)
Balance, end of the year	\$ 9,141	\$ 2,080

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 4 - Investment in Milner Building, LLC

The Chamber sold its interest in the Milner Building on January 30, 2012 for \$60,000 to The Milner Building, LLC in the form of a promissory note. The Milner Building, LLC agreed to repay the Chamber its \$60,000 previous investment in Milner Building, LLC by allowing the Chamber to reduce its monthly rental payment amount to \$2,324, which is a reduction of \$1,250 per month or \$60,000 for the 48 month period.

The Chamber's Finance Committee had suggested at the time of the negotiation to rework the Chamber's office lease agreement and the sale of its interest in Milner Building, LLC that the Chamber should set money aside in a separate money market account that represents the effective collection on the note receivable via reduced rent expense. This initiative was with the objective that at February 29, 2016, the end of the 48 month lease agreement (see "Note 6 – Operating Lease – Office Space" of these Notes to the Consolidated Financial Statements for more lease information), the Chamber would have \$60,000 in a separate savings account. As of December 31, 2014 the Chamber had a balance in the separate money market account of \$42,517, the cumulative amount of the notes receivable reduction for the thirty-four months ended December 31, 2014 (the number of months in the revised lease agreement that began March 1, 2012) and the interest earned on these monies. The activity in the money market account for 2014 and 2013 is as follows:

	December 31,	
	2014	2013
Balance, beginning of the year	\$ 27,506	\$ 12,500
Transfers into the account	15,000	15,000
Interest earned on the account	11	6
Balance, end of the year	\$ 42,517	\$ 27,506

The balance in the money market account is included in cash on the consolidated statements of financial position.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 5 - Capital Lease Obligation-Computer Equipment

In March, 2011, the Chamber entered into a capital lease, acquiring \$10,613 of computer equipment at an interest rate of 12.87%. Capital leases give rise to both property rights and long-term lease obligations and are reflected on the Chamber's Statements of Financial Position. Total lease payments for the years ended December 31, 2014 and 2013 were \$714 and \$3,569, respectively, with the final payment being made in February 2014.

On January 6, 2014, the Chamber entered into a capital lease, acquiring \$12,898 of computer equipment at an interest rate of 5.75%. Capital leases give rise to both property rights and long-term lease obligations and are reflected on the Chamber's Statements of Financial Position. Total lease payments for the year ended December 31, 2014 were \$4,691. As of December 31, 2014, future minimum lease payments under the capital lease obligation are as follows:

Year	Amount
2015	\$ 4,691
2016	<u>4,691</u>
Total Minimum Lease Payments	9,382
Less: Amounts Representing Interest	<u>(540)</u>
Net Present Value of Future Minimum Lease Payments	<u><u>\$ 8,842</u></u>

Note 6 - Line of Credit

The Chamber obtained a \$75,000 revolving line of credit on June 15, 2010. The line of credit has a variable interest rate based on changes in an independent index-Low Prime Rate and is renewed every two years. The line of credit was renewed during 2014 and expires August 2, 2016.

The Chamber did not use this line of credit during 2014 or 2013.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 7 - Supporting Services

Management and General Expenses consist of the following for 2014 and 2013:

	2014	2013
Automobile Expense	\$ 3,116	\$ 3,296
Bank Charges	7,325	7,583
Continuing Education	578	572
Depreciation	5,836	4,190
Dues and Subscriptions	6,527	6,183
Insurance	6,938	11,337
Interest	647	768
Lease-Copier Equipment	5,379	5,695
Lease-Office Space	50,887	49,478
Meetings	3,921	3,962
Office Supplies	6,612	5,706
Postage	4,467	6,339
Professional Fees	18,386	18,103
Salaries and Employee Benefits	80,248	80,985
Service Contracts and Repairs	5,217	4,043
Telephone	11,283	10,157
Unrelated Business Income Taxes	477	1,533
Other	9,819	10,760
Total	<u>\$ 227,663</u>	<u>\$ 230,690</u>

Fundraising expenses consisted of salaries and related benefits in the amounts of \$23,233 and \$23,219 for 2014 and 2013, respectively.

Membership Development expenses consist of the following for 2014 and 2013:

	2014	2013
Salaries and Employee Benefits	\$ 38,598	\$ 38,899
Annual Meeting and Banquet	13,380	12,598
Printing and Developing	623	885
Telephone	2,734	2,981
Ambassadors and Young Professionals	14,879	3,835
Other	536	285
Total	<u>\$ 70,750</u>	<u>\$ 59,483</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 8 - Operating Lease -Office Space

The Chamber leases office space from Milner Building, LLC, under a four year non-cancelable operating lease, from March 1, 2012 until February 28, 2016. Total rent expense for the years ended December 31, 2014 and 2013, was \$50,887 and \$49,478, respectively. Future minimum lease payments required under the operating lease are \$50,796 for 2015 and \$8,466 for 2016.

Note 9 - Employee Retirement Plan

The Chamber provides a 401 (k) retirement plan for eligible employees. To participate in the plan, employees must be at least 21 years of age and have provided at least one year of service. The Chamber contributes 5% of participating employees' earnings. Employees may make a pre-tax voluntary contribution of up to 100% of their compensation or the maximum amount permitted by law to the plan. The Chamber contributed \$12,523 and \$13,134 to this plan for the years ended December 31, 2014 and 2013, respectively.

Note 10 - Noncash Activities

For 2014 and 2013, the Chamber received noncash revenues (membership dues and total resource development campaign contributions) of \$140,430 and \$142,295 in exchange for contributed services of \$128,875 and \$135,200, respectively. Additionally, Special Event revenue and Cost of Direct Benefits to Donors includes noncash activity in the form of items donated for the auction. For 2014 and 2013, the Chamber received items with fair market values of \$9,275 and \$10,475 that were later sold at auction. Additional noncash activities include the sale of the Milner Building Investment in exchange for a notes receivable instrument and the expense of office rent that does not use cash outlays (refer to Note 4).

Note 11 - Disclosures about Concentrations

All of the membership dues receivable represents amounts due from businesses located within Ouachita Parish and mostly within the City of Monroe. Approximately five percent of other receivables represent amounts due from the membership for participation in other programs such as leadership, government relations and similar programs. The Chamber does not require any security or collateral to secure these amounts.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

During 2014 and 2013, the Chamber received \$92,500 and \$97,500, respectively (11% and 12%, respectively, of total support in each of these years) from the City of Monroe, and the University of Louisiana at Monroe. All of the funds received from these local entities was used to support the costs of the Chamber's consulting lobbying firm. The lobbying firm contract is cancelable with 30 days notice.

Also during 2014 and 2013, the Chamber received \$68,000 and \$47,000, respectively from three local entities for to support the Chamber's efforts in workforce development activities.

The Chamber has various deposit accounts at two federally insured financial institutions. As of December 31, 2014, the bank balances in these accounts did not exceed the FDIC coverage.

Note 12 – Subsequent Events

Management has evaluated subsequent events through April 13, 2015, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

MONROE CHAMBER OF COMMERCE, INC.

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2014

Agency Head: Susan Nicholson, President and Chief Executive Officer

Purpose	Amount
Salary	\$ 108,000
Benefits - insurance	9,956
Benefits - retirement	5,400
Reimbursements	969
Travel	1,824
Conference travel	1,827
	<u>\$ 127,976</u>

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

**Board of Directors
Monroe Chamber of Commerce, Inc.
Monroe, 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 **Monroe Chamber of Commerce, Inc.** and the **Monroe Chamber Foundation** (a nonprofit organization, collectively the Chamber), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 13, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination 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 and therefore, material weaknesses or significant

**Board of Directors
Monroe Chamber of Commerce, Inc.**

deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (Finding 2014-01).

Compliance and Other Matters

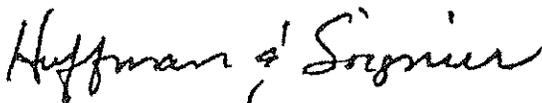
As part of obtaining reasonable assurance about whether the Chamber's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

Management's Response to Finding

The Chamber's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Chamber's response was not subjected to the auditing procedures applied in the audit of the consolidated 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

April 13, 2015

Monroe Chamber of Commerce, Inc.
Schedule of Findings
For the Year Ended December 31, 2014

2014-01 Accounting Operations

Finding

Internal controls should be designed and operate in such a manner as to ensure that management is provided with accurate information in a timely manner. Due to limited resources, the Chamber's internal controls are not operating as designed. As a result, management was not provided with accurate information in a timely manner as described below.

Prior year adjusting entries

Adjusting entries from the audit for the year ended December 31, 2013 were not entered into the Chamber's accounting system, resulting in management having inaccurate balances throughout 2014. As a result, balances as of December 31, 2014 had to be adjusted to the following accounts:

Fund balance	2,614	
Prepaid expenses	857	
Unearned membership revenues-cash	14,408	
Unearned membership revenues-non-cash		10,155
Cash		2,012
Property and equipment		4,190
Accounts payables		1,419
Capital lease payable		103

For explanation purposes, unearned revenues are split into two accounts. One is for memberships paid in cash and the other is for memberships that are paid on a noncash basis.

Unearned membership revenues

After recording the prior year adjusting entries, a review of the unearned revenues-cash account revealed that it was \$5,987 understated due to an error in the 2013 Excel spreadsheet calculation that had not been corrected when it was rolled forward to the year 2014. This spreadsheet records the billings for each month for memberships on their anniversary date for joining the Chamber which are recorded as deferred revenue. Each month one-twelfth of this amount is reversed against deferred revenue and is recorded as revenue.

Billings

During the course of the audit, we noted four instances totaling \$3,110 where members had been billed more than once for the same period.

Uncollectibles

Each month, an annual membership bill is mailed to current members whose memberships are renewing in that month. At this time, a receivable is recorded as well as a deferred revenue. Members are rebilled and are followed up on for those that are not paid initially. After 120 days, all members that have not renewed are written off against membership revenue and their membership is effectively canceled. However, as of December 31, 2014, fifteen receivables totaling \$5,665 were found to be outside of the 120 days that remained on the books. Included in the \$5,665 of old receivables was one for \$550 for a member that had been paid in August of 2014 but was applied to another business that had not paid.

Monroe Chamber of Commerce, Inc.
Schedule of Findings
For the Year Ended December 31, 2014

Recommendation

After the completion of the audit, the Chamber should ensure audit adjusting entries are entered into its accounting system and reconciliation schedules are updated to agree with adjusted schedules. The Chamber should also exercise care to ensure receivables are written off within its 120 day policy.

Management Corrective Action Plan

We agree. We will work with our consulting CPA firm to ensure that journal entries are made at the conclusion of the audit each year. In addition, we will adhere to our policy of writing off outstanding membership invoices at 120 days. We will also investigate the feasibility of moving to annualized billing to simplify the billing process.