

Monroe Chamber of Commerce, Inc.

Financial Statements As of and for the Years Ended December 31, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-27-07

Monroe Chamber of Commerce, Inc.

As of and for the Years Ended
December 31, 2006 and 2005

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the **Monroe Chamber of Commerce, Inc.** (the Chamber) as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Chamber's management. 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, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2007, on our consideration of the Chamber's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

(A Professional Accounting Corporation)

May 16, 2007

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MONROE CHAMBER OF COMMERCE, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2006	2005
ASSETS		
Current Assets		
Cash	\$ 79,548	\$ 116,232
Receivables:		
Membership Dues	16,650	24,432
Total Resource Development Campaign	13,580	19,515
Downtown Economic Development District	7,200	-
State of Louisiana-Department of Labor	-	13,750
Other	15,840	17,160
Total Current Assets	132,818	191,089
Property and Equipment		
Furniture, Fixtures and Equipment	228,460	205,552
Less: Accumulated Depreciation	(124,297)	(109,300)
Net Property and Equipment	104,163	96,252
Other Assets		
Investment in Milner Building, L.L.C. (Note 2)	100,000	100,000
Prepaid Expenses	10,497	1,559
Total Other Assets	110,497	101,559
TOTAL ASSETS	\$ 347,478	\$ 388,900

The accompanying notes are an integral part of these statements.

	<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 96,042	\$ 49,429
Accrued Payables	1,824	2,456
Note Payable (Current Portion)	8,333	20,000
Capital Lease Obligations (Current Portion)	8,450	-
Refundable Advances (Note 11)	12,300	45,950
Deferred Revenue:		
Membership Dues	97,395	107,015
Governmental Contracts	23,750	22,500
Total Current Liabilities	<u>248,094</u>	<u>247,350</u>
Long Term Liabilities		
Note Payable (Note 3)	39,964	40,000
Capital Lease Obligations (Note 4)	11,255	-
Total Long Term Liabilities	<u>51,219</u>	<u>40,000</u>
 Total Liabilities	 <u>299,313</u>	 <u>287,350</u>
Net Assets		
Unrestricted	<u>48,165</u>	<u>101,550</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>347,478</u>	\$ <u>388,900</u>

MONROE CHAMBER OF COMMERCE, INC.
STATEMENTS OF ACTIVITIES

	For the Years Ended	
	December 31,	
	2006	2005
Revenue and Support		
Membership Dues	\$ 282,318	\$ 287,236
Contributions	31,000	-
Administrative Division	26,226	30,415
Communications Division	223,400	224,404
Workforce Development Division	48,805	107,523
Government Relations/Affairs Division	293,735	266,718
Governmental Contracts	7,200	50,000
Leadership Division	24,075	32,325
Annual Banquet	42,355	39,045
Investment Income	8,477	9,194
Fund Raising	94,535	94,252
Total Revenue and Support	1,082,126	1,141,112
Expenses		
Program Services:		
Workforce Development Division	114,226	134,082
Government Relations/Affairs Division	332,927	320,361
Membership Services Division	219,052	314,516
Total Program Services Expenses	666,205	768,959
Supporting Services:		
Management and General (Note 6)	329,693	412,315
Fund Raising (Note 6)	54,376	48,395
Membership Development (Note 6)	85,237	72,128
Total Supporting Services Expenses	469,306	532,838
Total Expenses	1,135,511	1,301,797
Increase (Decrease) in Net Assets	(53,385)	(160,685)
Net Assets at Beginning of Year	101,550	262,235
NET ASSETS AT END OF YEAR	\$ 48,165	\$ 101,550

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended	
	December 31,	
	2006	2005
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (53,385)	\$ (160,685)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	24,375	24,146
Changes in Assets and Liabilities:		
Membership Dues Receivable	7,782	(10,152)
Other Receivables	13,805	37,880
Prepaid and Other Assets	(8,938)	6,769
Accounts Payable	46,613	(3,510)
Accrued Payables	(632)	(317)
Refundable Advances	(33,650)	(8,470)
Deferred Revenue	(8,370)	1,124
Total Adjustments	40,985	47,470
Net Cash Provided (Used) by Operating Activities	(12,400)	(113,215)
Cash Flows from Financing Activities		
Principal Paid on Capital Lease	(6,552)	(639)
Principal Paid on Note Payable	(11,703)	(20,000)
Net Cash Provided (Used) by Financing Activities	(18,255)	(20,639)
Cash Flows from Investing Activities		
Acquisition of Property and Equipment (Net)	(6,029)	(2,117)
Net Cash Provided (Used) by Investing Activities	(6,029)	(2,117)
Net Increase (Decrease) in Cash	(36,684)	(135,971)
Cash at Beginning of Year	116,232	252,203
Cash at End of Year	\$ 79,548	\$ 116,232
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	\$ 6,514	\$ 5,480
Income Taxes	\$ 901	\$ 1,565
Non-Cash Operating Activities		
In-Kind Contributions	\$ 253,887	\$ 271,824
Materials, Services, and Supplies	\$ 253,887	\$ 271,824
Non-Cash Financing Activities		
Proceeds of Capital Lease of Property and Equipment	\$ 26,257	\$ -
Non-Cash Investing Activities		
Purchase Property and Equipment	\$ 26,257	\$ -

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 1 - Summary of Significant Accounting Policies

Organization

The Monroe Chamber of Commerce, Inc. (the Chamber) was incorporated in September 1947 under the laws of the State of Louisiana. The Articles of Incorporation were restated in January 1997, and among other things, stated that the objects and purposes of the organization are for the advancement of the civic, commercial, economic, industrial and agricultural interests of the Parish of Ouachita and the surrounding trade area; the promotion of the general welfare, health and cultural well-being within that territory; and the stimulation of public sentiment toward those ends; and the sponsorship of the engagement in all lawful activities which promote the accomplishment of these purposes.

Basis of Presentation

The Chamber has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*.

SFAS No. 117 establishes standards for external 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. SFAS No. 116 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 subject to donor-imposed stipulations that may or will be met either by actions of the Chamber and/or the passage of time. As of December 31, 2006 and 2005, the Chamber has no temporarily restricted net assets.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Chamber. Generally, the donors of these assets permit the Chamber to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2006 and 2005, the Chamber has no permanently restricted net assets.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Basis of Accounting

The financial statements of the Chamber have been prepared on the accrual basis of accounting. 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. Expenditures that are greater than \$500 for additions, major renewals and betterments are capitalized. 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.

Through the Total Resource Development Campaign, the Chamber obtained the use of a vehicle. The agreements for the use of the vehicles are open-ended and provide for the Chamber to provide adequate insurance coverage and cover regular maintenance and operating costs. No value for this vehicle is included in property and equipment but the fair value of this vehicle is included in Administrative Division Support and in Management and General expense.

Deferred Revenue and Refundable Advances

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 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 events occur.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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.

Programs 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 lobbyist 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 two trips 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, which is also available on the Chamber's web site, to acquaint newcomers with Ouachita Parish.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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

Fund Raising - includes the costs of the annual Holiday Auction held in December of each year.

Membership Development – includes soliciting for prospective members, membership dues and the Total Resource Development Campaign. The Chamber has implemented the Total Resource Development Campaign to solicit 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 incidental materials meeting the requirements for recognition in the financial statements are recognized as revenues and related expenses for gifts-in-kind.

Tax Status

The Chamber has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(6) 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 maps and tabloids.

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.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 2 - Investment in Milner Building, LLC

On March 20, 2002, the Chamber entered into an operating agreement with RTR of Monroe, LLC (also see Note 7) creating the Milner Building, LLC for the operation of a commercial office building in downtown Monroe. Under the agreement, RTR of Monroe, LLC has a 90% equity ownership and the Chamber a 10% equity ownership of Milner Building, LLC. The Chamber paid \$100,000 for its 10% interest. Per the operating agreement, the Chamber shall be paid, as a priority distribution, \$7,000 annually from the operating cash flow, if any, after all expenses and debt service have been paid. Additionally, the Chamber will receive 10% of any remaining cash flow after payment of the priority distribution described above.

Note 3 - Note Payable

The Chamber executed a promissory note on December 5, 2003 with an interest rate of 5.25%. In August of 2006, the Chamber requested and was granted a reduction to interest only for a period of one year. Beginning in August 2007, the Chamber will begin repaying principal at the rate of \$1,667 per month (\$20,000 per year) plus interest, also paid monthly.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 8,333	\$ 2,463	\$ 10,796
2008	20,000	1,614	21,614
2009	19,964	577	20,541
Total	<u>\$ 48,297</u>	<u>\$ 4,654</u>	<u>\$ 52,951</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 4 - Capital Lease Obligation-Computer Equipment

During 2006, the Chamber acquired \$26,257 of computer equipment through a capital lease. Capital leases give rise to both property rights and long-term lease obligations and are reflected on the Chamber's Statement of Net Assets. Lease payments for the year ended December 31, 2006, totaled \$7,803. At December 31, 2006, future minimum lease payments under capital lease obligations are as follows:

Year	Amount
2007	\$ 10,404
2008	10,404
2009	1,734
Total Minimum Lease Payments	22,542
Less: Amounts Representing Interest	(2,837)
Net Present Value of Future Minimum Lease Payments	\$ 19,705

Note 5 - Department of Labor Cooperative Endeavor Agreement

The State of Louisiana renewed its one year \$55,000 cooperative endeavor agreement with the Chamber on April 1, 2005. The main purpose of the contract is to "provide a regional business liaison, and staff support for the Regional Business Liaison for the continued development and implementation of a marketing plan to recruit business and industry consortia to participate in programs administered by the Louisiana Department of Labor and its partners in the One-Stop System established pursuant to the Workforce Investment Act." Due to funding constraints, the State terminated this agreement on December 31, 2005.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 6 - Supporting Services

Management and General expenses consist of the following for 2006 and 2005, respectively.

	<u>2006</u>	<u>2005</u>
Automobile Expense	\$ 11,748	\$ 17,806
Continuing Education	355	1,458
Depreciation	24,375	24,149
Insurance	9,241	9,732
Interest	6,514	4,027
Lease-Computer Equipment	4,295	5,178
Lease-Office Space (Note 7)	71,960	71,960
Office Supplies	20,306	22,663
Postage	10,358	12,716
Professional Fees	6,610	12,177
Salaries and Employee Benefits	119,800	161,403
Service Contracts and Repairs	9,711	25,193
Telephone	20,715	24,658
Travel and Entertainment	16	-
Unrelated Business Income Taxes	475	1,425
Other	<u>13,214</u>	<u>17,770</u>
Total	\$ <u>329,693</u>	\$ <u>412,315</u>

Fund raising expenses consist of the following for 2006 and 2005, respectively.

	<u>2006</u>	<u>2005</u>
Christmas Auction	\$ 44,762	\$ 41,953
Salaries and Employee Benefits	<u>9,614</u>	<u>6,442</u>
Total	\$ <u>54,376</u>	\$ <u>48,395</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Membership development expenses consist of the following for 2006 and 2005, respectively.

	2006	2005
Annual Meeting and Banquet	\$ 17,701	\$ 26,606
Printing and Developing	2,564	2,948
Salaries and Employee Benefits	58,998	33,889
Other	5,974	8,685
 Total	 \$ 85,237	 \$ 72,128

Note 7 - Operating Lease -Office Space

The Chamber leases office space from RTR of Monroe, LLC., under a ten year noncancelable operating lease, from March 1, 2002 until February 28, 2012. Total rental expenses for the years ended December 31, 2006 and 2005, is \$71,960 for each year. Future minimum lease payments required under the operating lease are as follows:

	Operating Lease
2007	\$ 71,960
2008	71,960
2009	71,960
2010	71,960
2011	71,960
2012	11,993
Total minimum lease payments	\$ 371,793

Note 8 - 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 one year of service. The Chamber contributes 5% of participating employees' earnings. Employees may make a pre-tax voluntary contribution of up to the maximum amount permitted by law to the plan. The Chamber contributed \$11,697 and \$17,755 to this plan for the years ended December 31, 2006 and 2005, respectively.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Note 9 - Concentration of Credit Risk

All of the membership dues and Total Resource Development Campaign receivables represent amounts due from businesses located within Ouachita Parish and mostly within the City of Monroe. The Chamber does not require any security or collateral from its membership to secure these amounts. Failure of the membership to perform as promised could impact the Chamber's ability to collect \$30,230.

In 2006, the Chamber received \$120,000 (11% of total support) from three local governments. For 2007, the Chamber has budgeted \$120,000 from these local governments.

The Chamber has various deposit accounts at one federally insured financial institution. At December 31, 2006, the bank balances in these accounts did not exceed the FDIC insurance.

Note 10 - Related Party Transactions

Members of the Chamber's Board of Directors (Executive Committee) are also members of the Monroe Chamber Foundation's Board of Directors.

Note 11 - Commitments and Contingencies

During the latter half of 2006, the Chamber secured funding through the 2007 Total Resource Development Campaign. At December 31, 2006, the Chamber had commitments of \$92,545, split between \$90,045 in cash commitments (\$12,300 received before December 31, 2006 and is included in refundable advances) and \$2,500 in noncash commitments.

**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.**

We have audited the financial statements of the **Monroe Chamber of Commerce, Inc.** (the Chamber) as of and for the years ended December 31, 2006, and 2005, and have issued our report thereon dated May 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Chamber's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chamber's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

**Board of Directors
Monroe Chamber of Commerce**

We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies (items 06-01, 06-02, 06-03 and 06-04) in internal control over financial reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal controls.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider 06-01 and 06-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chamber's financial statements are free of 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*.

The Chamber's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Chamber's responses and, accordingly, we express no opinion of them.

This report is intended for the information of management of the Chamber, entities granting funds to the Chamber and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

May 16, 2007

MONROE CHAMBER OF COMMERCE, INC.
Monroe, Louisiana

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2006

06-01 Internal Controls over Cash Disbursements

Finding:

During the past year the Chamber reduced staff considerably. Due to this reduction, the Chamber is constrained in its abilities to structure an ideal set of internal controls based on its limited number of employees, especially, having only one employee in its accounting function. The Finance Director receives all invoices, prepares checks without a review of the person who ordered the goods or services (unless the Finance Director needs additional information at which time he does inquire), forwards the checks for signature (without forwarding the supporting documentation), receives the signed checks for mailing and receives and reconciles the bank statements. In summary, substantial control over cash disbursements has been surrendered to the Finance Director.

Recommendation:

We recommend that the Chamber have a person who is independent of the accounting function receive the bank statements, review and initial them before forwarding the bank statements to the finance director for preparation of the bank reconciliation. Once completed, a copy of each of the bank reconciliations should be forwarded to the President for review.

With respect to the cash disbursements cycle, invoices should be routed to the person responsible for the charge. This person should initial his approval and forward the invoices to the Finance Director. The Finance Director should prepare the check and forward the check and the supporting documentation to the President for her signature. Once the check is signed, the President's Administrative Assistant should mail the checks and return the invoices to the Finance Director. If more than one signature is required (if the check is \$500 or more), then the Administrative Assistant should retain the checks and invoices until the second signature is obtained.

Management's Corrective Action Plan:

The President's Administrative Assistant who receives the mail will give the bank statements unopened to the Chamber President for her review. The President will open the statements and review the contents. She will then initial the bank statement and give to the Finance Director for reconciliation. After the statements are reconciled the statement and bank reconciliation will be returned to the President for review.

Invoices will be routed to the person that is responsible for the charge or to the President for all charges not made by other directors. After the invoices have been approved they will be forwarded to the Finance Director for payment. Once the check is written, the Finance Director will give the check and all documentation to the President for review. The

MONROE CHAMBER OF COMMERCE, INC.
Monroe, Louisiana

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2006**

checks, after they are signed by the President, will be given to the President's Administrative Assistant to be mailed if less than \$500 or held for a second signature if over \$500. After checks are signed they will be mailed by the Administrative Assistant.

06-02 Internal Controls over Payroll Activities

Finding:

The Finance Director has direct access to all payroll operations including the disbursements of the EFT payments for payroll and Federal tax deposits, and the check disbursements for State tax deposits, and the benefits/withholding payments. This situation creates a possibility for an error or irregularity to occur and not be corrected or discovered in a timely manner.

Recommendation:

A payroll summary should be generated for each payroll that supports each of the various disbursements. This payroll summary should be used by the President in comparing the bank statement amounts to the payroll EFT disbursements. For checks that are issued such as those for State withholdings, for retirement to the American Chamber of Commerce Executives, insurances and other deductions, invoices should be submitted with the check to be signed to the President. As previously discussed, the signed checks should not be returned to the Finance Director, but should instead be sent to the Administrative Assistant for mailing.

Management's Corrective Action Plan:

A payroll journal is prepared with each payroll that supports each of the various disbursements. A copy of this journal will be given to the President to be compared to the payroll bank statement. All disbursement checks for payroll deductions will follow the same procedures for cash disbursements.

06-03 Receivables

Finding:

During the course of our audit, we noted that membership receivables included amounts that had exceeded the Chamber's policy of 120 days. An adjustment was made that reduced receivables by \$7,375, deferred revenues by \$4,319 and revenues by \$3,056. If left uncorrected, such issues could mislead management.

MONROE CHAMBER OF COMMERCE, INC.
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SCHEDULE OF FINDINGS
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We also noted that receivables for luncheons and banquets are not recorded on a monthly basis. Instead, amounts are recorded into revenue upon receipt. It should be noted that the Chamber does maintain this information on the Natural Commerce System from which it would be able to record these amounts.

Recommendation:

We recommend that the Chamber review its receivables on a monthly basis and determine the likelihood of collection. When a receivable has not been collected within the 120 days, the receivable should be reversed along with the revenue that has been recorded and any remaining deferred revenue.

The Chamber should record luncheon and banquet receivables on a monthly basis in order to match revenues and expenses in the same time period.

Management's Corrective Action Plan:

Receivables will be reviewed on a monthly basis to determine the likelihood of collection. When a receivable is not collected within 120 days, it will be reversed along with the revenue that has been recorded and any deferred revenue.

All unpaid luncheon banquet receivables will be recorded on a monthly basis in order to match revenues and expenses in the same time period.

06-04 Governmental Contracts

Finding:

We noted a lack of documentation with respect to a contract with one governmental entity in which the Chamber acts as a conduit for this agency with a Washington, D.C., lobbying firm. While there is a verbal understanding between all parties and a reliance on previous years efforts, a written understanding would eliminate the possibility of miscommunications.

Recommendation:

We recommend that the Chamber initiate a written contract with the governmental unit that specifically outlines the requirements and expectations of each party.

Management's Corrective Action Plan:

All contracts with the governmental units that outline the specific requirements and expectations of each party will be initiated.

MONROE CHAMBER OF COMMERCE, INC.
Monroe, Louisiana

SUMMARY STATUS OF PRIOR YEAR FINDINGS

None