

Monroe Chamber of Commerce, Inc.

**Consolidated Financial Statements
As of and for the Years Ended
December 31, 2015 and 2014**

Monroe Chamber of Commerce, Inc.

Consolidated Financial Statements As of and for the Years Ended December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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.

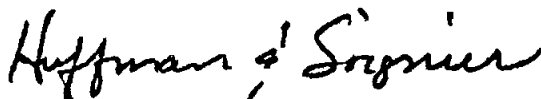
Other Matters

Our audit was conducted for the purpose of forming an opinion on the Chamber's consolidated financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head on page 18 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 May 13, 2016, 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)

May 13, 2016

FINANCIAL STATEMENTS

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

December 31, 2015

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current Assets			
Cash	\$ 270,548	\$ 13,822	\$ 284,370
Receivables			
Membership Dues	4,025	-	4,025
Total Resource Development Campaign	8,575	-	8,575
Other	9,207	-	9,207
Total Current Assets	<u>292,355</u>	<u>13,822</u>	<u>306,177</u>
Property and Equipment			
Furniture, Fixtures and Equipment	197,221	-	197,221
Less Accumulated Depreciation	(191,603)	-	(191,603)
Net Property and Equipment	<u>5,618</u>	<u>-</u>	<u>5,618</u>
Other Assets			
Notes Receivable	2,500	-	2,500
Prepaid Expenses	6,280	-	6,280
Total Other Assets	<u>8,780</u>	<u>-</u>	<u>8,780</u>
TOTAL ASSETS	<u>\$ 306,753</u>	<u>\$ 13,822</u>	<u>\$ 320,575</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ 10,223	\$ -	\$ 10,223
Accrued Payables	3,546	-	3,546
Capital Lease Obligations - Current Portion	5,206	-	5,206
Refundable Advances	-	-	-
Deferred Revenue			
Membership Dues	80,540	-	80,540
Leadership Dues	1,300	-	1,300
Governmental Contracts	5,833	-	5,833
Total Current Liabilities	<u>106,648</u>	<u>-</u>	<u>106,648</u>
Long-Term Liabilities			
Capital Lease Obligations	722	-	722
Total Long-Term Liabilities	<u>722</u>	<u>-</u>	<u>722</u>
Total Liabilities	107,370	-	107,370
Net Assets			
Temporarily Restricted	-	13,822	13,822
Unrestricted	199,383	-	199,383
Total Net Assets	<u>199,383</u>	<u>13,822</u>	<u>213,205</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 306,753</u>	<u>\$ 13,822</u>	<u>\$ 320,575</u>

The accompanying notes are an integral part of these statements.

December 31, 2014

Unrestricted	Temporarily Restricted	Total
\$ 233,806	\$ 18,027	\$ 251,833
4,950	-	4,950
5,800	-	5,800
3,490	-	3,490
<u>248,046</u>	<u>18,027</u>	<u>266,073</u>
195,241	-	195,241
(186,100)	-	(186,100)
<u>9,141</u>	<u>-</u>	<u>9,141</u>
17,500	-	17,500
7,494	-	7,494
<u>24,994</u>	<u>-</u>	<u>24,994</u>
<u>\$ 282,181</u>	<u>\$ 18,027</u>	<u>\$ 300,208</u>

\$ -	\$ -	\$ -
3,500	-	3,500
4,294	-	4,294
840	-	840
77,861	-	77,861
-	-	-
<u>2,500</u>	<u>-</u>	<u>2,500</u>
<u>88,995</u>	<u>-</u>	<u>88,995</u>
4,548	-	4,548
<u>4,548</u>	<u>-</u>	<u>4,548</u>
93,543	-	93,543
-	18,027	18,027
<u>188,638</u>	<u>-</u>	<u>188,638</u>
<u>188,638</u>	<u>18,027</u>	<u>206,665</u>
<u>\$ 282,181</u>	<u>\$ 18,027</u>	<u>\$ 300,208</u>

MONROE CHAMBER OF COMMERCE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For the Year Ended December 31, 2015		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Membership Dues	\$ 249,406	\$ -	\$ 249,406
Administrative	18,800	-	18,800
Communications	38,945	-	38,945
Workforce Development	99,662	20,800	120,462
Government Relations/Affairs	246,694	-	246,694
Leadership	43,530	-	43,530
Annual Banquet	52,720	-	52,720
Special Events Revenue	117,197	-	117,197
Less Costs of Direct Benefits to Donors	(38,027)	-	(38,027)
Total Unrestricted Support	828,927	20,800	849,727
Net Assets Released from Restriction	25,004	(25,004)	-
Total Support and Revenue	853,931	(4,204)	849,727
Expenses			
Program Services			
Workforce Development Division	107,667	-	107,667
Government Relations/Affairs Division	349,046	-	349,046
Membership Services Division	55,904	-	55,904
Total Program Services Expenses	512,617	-	512,617
Supporting Services			
Management and General	226,672	-	226,672
Fundraising	23,770	-	23,770
Membership Development	80,128	-	80,128
Total Supporting Services Expenses	330,570	-	330,570
Total Expenses	843,187	-	843,187
Increase (Decrease) in Net Assets	10,744	(4,204)	6,540
Net Assets at Beginning of Year	188,638	18,027	206,665
NET ASSETS AT END OF YEAR	\$ 199,382	\$ 13,823	\$ 213,205

The accompanying notes are an integral part of these statements.

For the Year Ended December 31, 2014

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 218,364	\$ -	\$ 218,364
23,799	-	23,799
36,472	-	36,472
95,394	71,200	166,594
233,981	-	233,981
38,850	-	38,850
50,335	-	50,335
98,380	-	98,380
(37,829)	-	(37,829)
<u>757,746</u>	<u>71,200</u>	<u>828,946</u>
55,525	(55,525)	-
813,271	15,675	828,946
130,689	-	130,689
317,970	-	317,970
52,284	-	52,284
<u>500,943</u>	<u>-</u>	<u>500,943</u>
227,663	-	227,663
23,233	-	23,233
70,750	-	70,750
<u>321,646</u>	<u>-</u>	<u>321,646</u>
<u>822,589</u>	<u>-</u>	<u>822,589</u>
(9,318)	15,675	6,357
<u>197,956</u>	<u>2,352</u>	<u>200,308</u>
<u>\$ 188,638</u>	<u>\$ 18,027</u>	<u>\$ 206,665</u>

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

	For the Years Ended	
	December 31,	
	2015	2014
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 6,540	\$ 6,357
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	5,503	5,836
Rental Expense - noncash	15,000	15,000
Changes in Assets and Liabilities:		
Membership Dues Receivable	925	9,765
Total Resource Development Campaign Receivable	(2,775)	11,800
Other Receivables	(5,717)	7,221
Prepaid and Other Assets	1,214	(5,515)
Accounts Payable	10,223	(8,687)
Accrued Payables	46	(1,193)
Refundable Advances	(840)	840
Deferred Revenue - Membership Dues	2,679	1,730
Deferred Revenue - Leadership Dues	1,300	-
Deferred Revenue - Governmental Contracts	3,333	(1,666)
Total Adjustments	30,891	35,131
Net Cash Provided by Operating Activities	37,431	41,488
Cash Flows from Financing Activities		
Principal Paid on Capital Lease	(4,894)	(5,103)
Net Cash Used by Financing Activities	(4,894)	(5,103)
Net Increase in Cash	32,537	36,385
Cash at Beginning of Year	251,833	215,448
Cash at End of Year	\$ 284,370	\$ 251,833
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	\$ 558	\$ 647
Income Taxes	\$ -	\$ 2,177
Non-Cash Operating Activities		
In-Kind Contributions	\$ 145,213	\$ 149,705
Materials, Services and Supplies	\$ (135,600)	\$ (138,150)
Decrease in Note Receivable in Exchange for Rent	\$ (15,000)	\$ (15,000)
Non-Cash Financing and Capital Activities		
Capital Lease Obligation	\$ 1,980	\$ 12,898
Purchase of Equipment Through Capital Lease	\$ (1,980)	\$ (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, 2015 AND 2014

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, 2015 and 2014, the Chamber has \$13,822 and \$18,027 in

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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, 2015 and 2014, 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, 2015 AND 2014

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, 2015 AND 2014

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, 2015 and 2014 was \$1,104 and \$477, 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, 2012, 2013, and 2014 and 2015.

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, 2015 AND 2014

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, 2015 or 2014.

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, 2015, was \$284,370 with a bank balance of \$292,028, of which \$272,841 was covered by federal deposit insurance, leaving the remaining \$19,187 unsecured. At December 31, 2014, the book balance was \$251,832 with a bank balance of \$255,678, all of which was secured 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,	
	2015	2014
Furniture	\$145,439	\$ 145,439
Electronic Equipment	43,716	41,736
Signage	8,066	8,066
Less Accumulated Depreciation	(191,603)	(186,100)
Balance, end of the year	<u>\$ 5,618</u>	<u>\$ 9,141</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 the Chamber had a balance in the separate money market account of \$56,536, the cumulative amount of the notes receivable reduction for the thirty-four months ended December 31, 2015 (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 2015 and 2014 is as follows:

	December 31,	
	2015	2014
Balance, beginning of the year	\$ 42,517	\$ 27,506
Transfers into the account	14,000	15,000
Interest earned on the account	19	11
Balance, end of the year	\$ 56,536	\$ 42,517

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, 2015 AND 2014

Note 5 - Capital Lease Obligations

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 years ended December 31, 2015 and 2014 were \$4,691 and \$4,691, respectively. As of December 31, 2015, future minimum lease payments under the capital lease obligation are as follows:

Year	Amount
2016	4,691
Total Minimum Lease Payments	4,691
Less: Amounts Representing Interest	(143)
Net Present Value of Future Minimum Lease Payments	\$ 4,548

On January 1, 2015, the Chamber entered into a capital lease, acquiring \$1,980 of a fax machine/copier/printer at an interest rate of 9.425%. 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, 2015 were \$760. As of December 31, 2015, future minimum lease payments under the capital lease obligation are as follows:

Year	Amount
2016	\$ 760
2017	760
Total Minimum Lease Payments	1,520
Less: Amounts Representing Interest	(139)
Net Present Value of Future Minimum Lease Payments	\$ 1,381

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 2015 or 2014.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 7 - Supporting Services

Management and General Expenses consist of the following for 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Automobile Expense	\$ 3,272	\$ 3,116
Bank Charges	8,589	7,325
Continuing Education	-	578
Depreciation	5,503	5,836
Dues and Subscriptions	5,042	6,527
Insurance	7,080	6,938
Interest	558	647
Lease-Copier Equipment	6,167	5,379
Lease-Office Space	50,796	50,887
Meetings	4,126	3,921
Office Supplies	8,210	6,612
Postage	3,477	4,467
Professional Fees	18,900	18,386
Salaries and Employee Benefits	82,220	80,248
Service Contracts and Repairs	4,399	5,217
Telephone	11,065	11,283
Unrelated Business Income Taxes	1,104	477
Other	6,164	9,819
Total	<u>\$ 226,672</u>	<u>\$ 227,663</u>

Fundraising expenses consisted of salaries and related benefits in the amounts of \$23,770 and \$23,233 for 2015 and 2014, respectively.

Membership Development expenses consist of the following for 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Salaries and Employee Benefits	\$ 41,513	\$ 38,598
Annual Meeting and Banquet	12,786	13,380
Printing and Developing	5,566	623
Telephone	2,774	2,734
Ambassadors and Young Professionals	13,224	14,879
Other	4,265	536
Total	<u>\$ 80,128</u>	<u>\$ 70,750</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, was \$50,796 and \$50,887, respectively. Future minimum lease payments required under the operating lease are \$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 \$14,239 and \$12,523 to this plan for the years ended December 31, 2015 and 2014, respectively.

Note 10 - Noncash Activities

For 2015 and 2014, the Chamber received noncash revenues (membership dues and total resource development campaign contributions) of \$145,213 and \$140,430 in exchange for contributed services of \$135,600 and \$128,875, 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 2015 and 2014, the Chamber received items with fair market values of \$9,950 and \$9,275 that were later sold at auction. Additional noncash activities include the reduction of the Chamber's office rent expense, which serves as an effective collection on the Chamber's note receivable related to the sale of its investment in the Milner Building in 2012 (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.

During 2015 and 2014, the Chamber received \$92,500 and \$92,500, respectively (11% and 11%, respectively, of total support in each of these years) from the City of Monroe,

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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 2015 and 2014, the Chamber received \$19,500 and \$68,000, 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, 2015, the bank balances in these accounts exceeded the FDIC coverage by \$19,187.

Note 12 – Subsequent Events

As of the date of issuance of these financial statements, management is aware of the following subsequent events:

The Chamber exercised its first two-year extension option on its operating lease with the Milner Building, LLC, beginning on March 1, 2016 and ending on February 28, 2018, continuing at \$4,233 per month, \$50,796 per year.

MONROE CHAMBER OF COMMERCE, INC.

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2015

Agency Head: Susan Nicholson, President and Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 115,000
Benefits - insurance	10,225
Benefits - retirement	5,750
Reimbursements	1,158
Travel	2,135
Registration Fees	125
Conference travel	2,770
	<u>\$ 137,163</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, 2015 and 2014, 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 May 13, 2016.

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. Given these limitations, during our audit we did

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

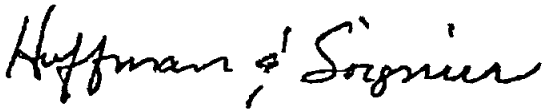
not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

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*.

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)

May 13, 2016

MONROE CHAMBER OF COMMERCE, INC.
Monroe, Louisiana

SUMMARY STATUS OF PRIOR YEAR FINDING

The following is a summary of the status of the prior year finding included in Huffman & Soignier (APAC) audit report dated April 13, 2015, in connection with the audit of the financial statements of the Monroe Chamber of Commerce (the Chamber) as of and 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 were not operating as designed. As a result, management was not provided with accurate information in a timely manner. Specifically, fifteen memberships of \$5,665 were not written off within the Chamber policy of 120 days; prior year adjusting entries were not recorded which impacted net assets by \$2,614; four instances of members being billed more than once totaling \$3,110 occurred and there was a \$5,987 error on an Excel spreadsheet that calculated unearned membership revenue incorrectly.

Status:

We have resolved these issues.