

6088

Monroe Chamber of Commerce, Inc.

**Financial Statements
As of and for the Years Ended
December 31, 2007 and 2006**

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 6/11/08

Monroe Chamber of Commerce, Inc.

As of and for the Years Ended
December 31, 2007 and 2006

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LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2007 and 2006, 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 Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants. 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, 2007 and 2006, 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 May 30, 2008, 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 the internal control over financial reporting or on compliance. 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.

Luffey Huffman Ragsdale & Soignier

(A Professional Accounting Corporation)

May 30, 2008

MONROE CHAMBER OF COMMERCE, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2007	2006
ASSETS		
Current Assets		
Cash	\$ 44,111	\$ 79,548
Receivables:		
Membership Dues	13,445	16,650
Total Resource Development Campaign	26,975	13,580
Government Consulting	7,500	-
Downtown Economic Development District	-	7,200
Other	21,024	15,840
Total Current Assets	113,055	132,818
Property and Equipment		
Furniture, Fixtures and Equipment	229,692	228,460
Less: Accumulated Depreciation	(150,750)	(124,297)
Net Property and Equipment	78,942	104,163
Other Assets		
Investment in Milner Building, L.L.C. (Note 2)	100,000	100,000
Prepaid Expenses	7,448	10,497
Total Other Assets	107,448	110,497
TOTAL ASSETS	\$ 299,445	\$ 347,478

The accompanying notes are an integral part of these statements.

December 31,

2007

2006

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	72,500	\$	96,042
Accrued Payables		2,799		1,824
Capital Lease Obligations - Current Portion (Note 4)		9,548		8,450
Note Payable - Current Portion (Note 3)		20,000		8,333
Refundable Advances (Note 10)		41,059		12,300
Deferred Revenue:				
Membership Dues		97,341		97,395
Governmental Contracts		-		23,750
Total Current Liabilities		<u>243,247</u>		<u>248,094</u>

Long Term Liabilities

Capital Lease Obligations (Note 4)		1,708		11,255
Note Payable (Note 3)		20,235		39,964
Total Long Liabilities		<u>21,943</u>		<u>51,219</u>

Total Liabilities		265,190		299,313
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Net Assets

Unrestricted		34,255		48,165
Total Net Assets		<u>34,255</u>		<u>48,165</u>

TOTAL LIABILITIES AND NET ASSETS

	\$	<u>299,445</u>	\$	<u>347,478</u>
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MONROE CHAMBER OF COMMERCE, INC.
STATEMENTS OF ACTIVITIES

	For the Years Ended	
	December 31,	
	<u>2007</u>	<u>2006</u>
Changes in Unrestricted Net Assets		
Support		
Membership Dues	\$ 276,708	\$ 282,318
Contributions	-	31,000
Administrative Division	15,307	26,226
Communications Division	95,440	223,400
Workforce Development Division	90,829	48,805
Government Relations/Affairs Division	277,436	293,735
Governmental Contracts	7,800	7,200
Leadership Division	35,020	24,075
Annual Banquet	36,775	42,355
Investment Income	7,756	8,477
Fund Raising	143,260	94,535
Total Unrestricted Support	<u>986,331</u>	<u>1,082,126</u>
Expenses		
Program Services:		
Workforce Development Division	105,863	114,226
Government Relations/Affairs Division	307,579	332,927
Membership Services Division	81,949	219,052
Total Program Services Expenses	<u>495,391</u>	<u>666,205</u>
Supporting Services:		
Management and General (Note 5)	320,370	329,693
Fund Raising (Note 5)	102,211	54,376
Membership Development (Note 5)	82,269	85,237
Total Supporting Services Expenses	<u>504,850</u>	<u>469,306</u>
Total Expenses	<u>1,000,241</u>	<u>1,135,511</u>
Increase (Decrease) in Net Assets	(13,910)	(53,385)
Net Assets at Beginning of Year	<u>48,165</u>	<u>101,550</u>
NET ASSETS AT END OF YEAR	<u>\$ 34,255</u>	<u>\$ 48,165</u>

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,	
	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Decrease in Net Assets	\$ (13,910)	\$ (53,385)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	26,454	24,375
Changes in Assets and Liabilities:		
Membership Dues Receivable	3,205	7,782
Other Receivables	(18,879)	13,805
Prepaid and Other Assets	3,049	(8,938)
Accounts Payable	(23,543)	46,613
Accrued Payables	975	(632)
Refundable Advances	28,759	(33,650)
Deferred Revenue	(23,804)	(8,370)
Total Adjustments	<u>(3,784)</u>	<u>40,985</u>
Net Cash Used by Operating Activities	(17,694)	(12,400)
Cash Flows from Financing Activities		
Principal Paid on Capital Lease	(8,332)	(6,552)
Principal Paid on Note Payable	(8,179)	(11,703)
Net Cash Used by Financing Activities	<u>(16,511)</u>	<u>(18,255)</u>
Cash Flows from Investing Activities		
Acquisition of Property and Equipment (Net)	(1,232)	(6,029)
Net Cash Used by Investing Activities	<u>(1,232)</u>	<u>(6,029)</u>
Net Increase (Decrease) in Cash	(35,437)	(36,684)
Cash at Beginning of Year	<u>79,548</u>	<u>116,232</u>
Cash at End of Year	<u>\$ 44,111</u>	<u>\$ 79,548</u>
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	\$ <u>6,551</u>	\$ <u>6,514</u>
Income Taxes	\$ <u>1,429</u>	\$ <u>901</u>
Non-Cash Financing Activities		
Increase in Capital Lease	\$ <u>-</u>	\$ <u>26,257</u>
Non-Cash Investing Activities		
Acquisition of Property and Equipment	\$ <u>-</u>	\$ <u>(26,257)</u>

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

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) 116, *Accounting for Contributions Received and Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*.

SFAS No. 117 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. 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 by either actions of the Chamber and/or the passage of time. As of December 31, 2007 and 2006, the Chamber has no temporarily restricted 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, 2007 and 2006, the Chamber has no permanently restricted net assets.

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.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

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 agreement for the use of the vehicle is open-ended and provided for the Chamber to provide adequate insurance coverage and cover regular maintenance and operating cost. No value for this vehicle is included in property and equipment but the fair value of this vehicle is included in Administrative Support and in Management and General expense for 2006.

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 event occurs.

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.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

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 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 to acquaint newcomers with Ouachita Parish which is also available on the Chamber's web site.

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. Beginning in 2007, the Chamber also hosted a golf tournament for members to raise funds.

Membership Development – includes soliciting for prospective members, membership dues and the Total Resource Development Campaign. In 1997, the Chamber implemented

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

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 materials meeting the requirements for recognition in the financial statements are recognized as revenues and related expenses for gift-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.

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 6) 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 above.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

Note 3 - Note Payable

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 20,000	\$ 1,631	\$ 21,631
2009	20,235	557	20,792
Total	<u>\$ 40,235</u>	<u>\$ 2,188</u>	<u>\$ 42,423</u>

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 years ended December 31, 2007 and 2006 were \$10,404 and \$7,803 respectively. At December 31, 2007, future minimum lease payments under capital lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 10,404
2009	1,734
Total Minimum Lease Payments	<u>12,138</u>
Less: Amounts Representing Interest	<u>(882)</u>
Net Present Value of Future Minimum Lease Payments	<u>\$ 11,256</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

Note 5 - Supporting Services

Management and General expenses consist of the following for 2007 and 2006, respectively.

	<u>2007</u>	<u>2006</u>
Automobile Expense	\$ 3,304	\$ 11,748
Continuing Education	295	355
Depreciation	26,453	24,375
Insurance	8,830	9,241
Interest	6,551	6,514
Lease-Copier Equipment	5,222	4,295
Lease-Office Space	72,502	71,960
Office Supplies	17,128	20,306
Postage	10,222	10,358
Professional Fees	18,317	6,610
Salaries and Employee Benefits	113,729	119,800
Service Contracts and Repairs	6,297	9,711
Telephone	13,970	20,715
Travel and Entertainment	47	16
Unrelated Business Income Taxes	1,425	475
Other	<u>16,078</u>	<u>13,214</u>
Total	<u>\$ 320,370</u>	<u>\$ 329,693</u>

Fund raising expenses consist of the following for 2007 and 2006, respectively.

	<u>2007</u>	<u>2006</u>
Salaries and Employee Benefits	\$ 30,934	\$ 9,614
Christmas Auction	60,647	44,762
Golf Tournament	10,271	-
Congressional Matters	<u>359</u>	<u>-</u>
Total	<u>\$ 102,211</u>	<u>\$ 54,376</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

Membership development expenses consist of the following for 2007 and 2006, respectively.

	<u>2007</u>	<u>2006</u>
Salaries and Employee Benefits	\$ 50,102	\$ 58,998
Annual Meeting and Banquet	17,334	17,701
Printing and Developing	1,750	2,564
Other	<u>13,083</u>	<u>5,974</u>
Total	<u>\$ 82,269</u>	<u>\$ 85,237</u>

Note 6 - Operating Lease -Office Space

The Chamber leases office space from RTR of Monroe, Inc., under a ten year noncancelable operating lease, from March 1, 2002 until February 28, 2012. Total rental expenses for the years ended December 31, 2007 and 2006, is \$71,960 for each year. Future minimum lease payments required under the operating lease are as follows:

	<u>Operating Lease</u>
2008	\$ 71,960
2009	71,960
2010	71,960
2011	71,960
2012	<u>11,993</u>
Total minimum lease payments	<u>\$ 299,833</u>

Note 7 - 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 100% of their compensation or the maximum amount permitted by law to the plan. The Chamber contributed \$14,753 and \$11,697 to this plan for the years ended December 31, 2007 and 2006, respectively.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006

Note 8 - Concentration of Credit Risk

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 from its membership to secure these amounts.

During 2006, the Chamber received \$127,200 (12% of total support) from local government entities. In 2007, the Chamber received \$128,212 (13% of total support) from these same local governments. For 2008, 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, 2007, the bank balances in these accounts did not exceeded the FDIC coverage.

Note 9 - 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 10 - Commitments and Contingencies

During the latter half of 2007, the Chamber conducted their 2008 Total Resource Development Campaign. At December 31, 2007, the Chamber had commitments of \$78,340, of which \$41,059 was received before December 31, 2007 and is included in refundable advances.

Note 11 - Subsequent Event

On May 23, 2008, the Chamber entered into an agreement with Progressive Bank for a \$75,000 line of credit. No draw on this line of credit has been made.

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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 the financial statements of the **Monroe Chamber of Commerce, Inc.** (the Chamber) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 30, 2008. 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.

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 Chamber'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 Chamber's financial statements that is more than inconsequential will not be prevented or detected by the Chamber's internal control.

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

**Board of Directors
Monroe Chamber of Commerce**

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

We noted certain matters that we reported to management and the Board of Directors of the Chamber in a separate letter dated May 30, 2008.

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.

Huffman Huffman Reynolds & Squires

(A Professional Accounting Corporation)

May 30, 2008

MONROE CHAMBER OF COMMERCE, INC.
Monroe, Louisiana

SUMMARY STATUS OF PRIOR YEAR FINDINGS

06-01 Internal Controls over Cash Disbursements

Finding:

During the recent past, the Chamber reduced staff considerably, whereby substantial control over cash disbursements has been surrendered to the Finance Director. 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.

Status:

The President now receives the bank statements from her assistant unopened. She examines the statements and initials before giving to the Finance Director to reconcile. Invoices are given to the person responsible for their review. After approval, they are given to the Finance Director for payment. After payment is made the original check and the check copy attached to the invoice are given to the President for her signature and approval.

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.

Status:

The prepared payroll journal is given to the President for review and approval. A printed copy of all online transfers and payroll are also given to her for approval.

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. We also noted that receivables for luncheons and banquets are not recorded on a monthly basis.

Status:

Accounts 120 days past due are reversed. All unpaid luncheon/banquet tickets are recorded as revenue each month in order to match revenues and expenses in the same time period.

MONROE CHAMBER OF COMMERCE, INC.
Monroe, Louisiana

SUMMARY STATUS OF PRIOR YEAR FINDINGS

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.

Status:

All government contracts are now initiated outlining the specific requirements and expectations.

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of Monroe Chamber of Commerce, Inc. (the Chamber), for the years ended December 31, 2007 & 2006, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements, but not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and the overall compliance with laws and regulations. This letter will summarize our comments and suggestions regarding that matter. This letter does not affect our report dated May 30, 2008 on the financial statements of the Chamber.

Documentation of Internal Control

Management of the Chamber is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. Those components are outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (commonly referred to as the COSO Report, or COSO) and consist of the Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the Chamber does not possess adequate written documentation of all components of internal control over the Chamber's operations.

For management and those charged with governance to properly discharge their responsibility to establish and maintain internal control, there must exist a level of documentation of internal control sufficient to allow them to assess operating effectiveness and design, not just at a point in time, but over a period of time. As circumstances change, controls should be re-evaluated for ongoing effectiveness.

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We recommend that management document the internal control over financial reporting using the COSO framework or such other framework as might prove useful in order that they may more easily discharge their responsibility to design and implement controls and monitor those controls for effectiveness over time.

Management's Corrective Action Plan

The Board of Directors have received and appreciate the recommendation that we develop written internal control policies using the COSO Framework. We have taken this recommendation under advisement.

Huffery Huffman, Roydale & Squires

(A Professional Accounting Corporation)

May 30, 2008