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## **Mourne Chamber of Commerce, Inc.**

**Financial Statements**  
**Years Ended December 31, 2001 and 2000**

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. This report is available for public inspection at the Legislative Auditor's office of the Legislative Auditor and, where appropriate, at the office of the county clerk of court.

Release Date: 4/24/02

# Monroe Chamber of Commerce, Inc.

December 31, 2001 and 2000

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**Luffey  
Huffman  
& Monroe**

AN 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, 2001 and 2000, 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 Government Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit 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, 2001 and 2000, 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 March 21, 2002, 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)

March 21, 2002

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

ASSETS	December 31	
	2001	2000
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 88,999	\$ 57,661
Investments	77,180	73,697
Receivables:		
Membership Dues	8,804	24,519
Total Revenue Development Campaign	128,804	298,890
Contracts	52,500	50,555
Other	47,828	24,220
Total Current Assets	364,198	535,932
<b>Property and Equipment</b>		
Office Furniture and Fixtures	129,720	124,157
Leasehold Improvements	9,585	8,583
Total Property and Equipment	139,305	132,740
Less: Accumulated Depreciation and Amortization	(116,225)	(98,972)
Net Property and Equipment	23,080	42,768
<b>Other Assets</b>		
Security Deposit	2,178	2,178
Prepaid Expenses	18,056	10,908
Total Other Assets	20,234	13,086
<b>TOTAL ASSETS</b>	<b>\$ 413,528</b>	<b>\$ 591,786</b>

The accompanying notes are an integral part of these statements.

December 31

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Deferred Revenue:

Membership Dues

\$ 75,667      \$ 54,612

Total Resource Development Campaign

92,625      302,858

Other

1,179      2,248

Accounts Payable

65,596      35,813

Accrued Salaries and Payroll Taxes

15,892      1,416

Total Current Liabilities

249,131      395,348

**Net Assets**

Unrestricted:

Undesignated

184,277      180,218

Temporarily Restricted:

Leadership Division

-      15,800

Total Net Assets

184,277      196,018

**TOTAL LIABILITIES AND NET ASSETS**

\$ 433,528      \$ 591,366

**MONROE CHAMBER OF COMMERCE, INC.**  
**STATEMENTS OF ACTIVITIES**

	<u>Years Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
<b>Changes in Unrestricted Net Assets From Continuing Operations</b>		
<b>Support</b>		
Membership Dues	\$ 150,263	\$ 293,186
Administrative Division	57,026	66,968
Communications Division	73,692	74,576
Workforce Development Division	218,352	271,640
Government Relations/ Affairs Division	199,899	205,820
Governmental Contracts	263,667	83,733
Leadership Division	27,403	63,218
Annual Budget	38,957	47,000
Investment Income	5,441	4,718
Fund Raising	62,526	65,511
Total Unrestricted Support	<u>1,211,586</u>	<u>1,785,156</u>
<b>Net Assets Released From Time Restrictions</b>	<u>15,806</u>	<u>13,658</u>
<b>Total Unrestricted Support and Reclassifications</b>	<u>1,227,392</u>	<u>1,798,814</u>
<b>Expenses</b>		
<b>Program Services:</b>		
Workforce Development Division	224,265	222,972
Government Relations/Affairs Division	302,217	298,248
Membership Services Division	155,349	152,614
Total Program Services Expenses	<u>681,831</u>	<u>673,834</u>
<b>Supporting Services:</b>		
Management and General (Note 2)	487,705	394,312
Fund Raising (Note 2)	41,880	35,110
Membership Development (Note 2)	81,543	78,219
Total Supporting Services Expenses	<u>611,128</u>	<u>507,641</u>
Total Expenses	<u>1,292,959</u>	<u>1,181,475</u>
<b>Increase in Unrestricted Net Assets</b>		
<b>From Continuing Operations</b>	4,433	617,339

(Continued)

The accompanying notes are an integral part of these statements.

**MONROE CHAMBER OF COMMERCE, INC.**  
**STATEMENTS OF ACTIVITIES (CONCLUDED)**

	<u>Years Ended December 31,</u>	
	<u>2001</u>	<u>2000</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
From Continuing Operations		
Leadership Division	-	15,808
Net Assets Released from Time Restrictions - Leadership Division	<u>(15,808)</u>	<u>(15,808)</u>
<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>		
From Continuing Operations	<u>(15,808)</u>	<u>4,178</u>
<b>Increase (Decrease) in Net Assets From Continuing Operations</b>	<u>(15,808)</u>	<u>28,004</u>
Net Assets at Beginning of Year From Continuing Operations	<u>196,016</u>	<u>167,012</u>
<b>NET ASSETS AT END-OF YEAR FROM CONTINUING OPERATIONS</b>	<b>\$ <u>180,207</u></b>	<b>\$ <u>195,016</u></b>
<b>Changes in Unrestricted Net Assets From Discontinued Operations</b>		
Agri-Business Council Revenue	\$ -	\$ 90,350
Agri-Business Council Expenses	<u>-</u>	<u>88,700</u>
<b>Increase in Unrestricted Net Assets</b>		
From Discontinued Operations	<u>-</u>	<u>1,650</u>
<b>Increase (Decrease) in Unrestricted Net Assets From</b>		
<b>Continued, Continuing, and Discontinued Operations</b>	<u>(11,658)</u>	<u>53,306</u>
Net Assets at Beginning of Year From Discontinued Operations	<u>-</u>	<u>34,315</u>
Equity Transfer	<u>-</u>	<u>(68,472)</u>
<b>Decrease in Net Assets</b>	<u>(11,658)</u>	<u>(3,111)</u>
Net Assets at Beginning of Year - From Combined		
Continuing and Discontinued Operations	<u>196,016</u>	<u>201,377</u>
<b>NET ASSETS AT END-OF YEAR</b>	<b>\$ <u>184,377</u></b>	<b>\$ <u>195,016</u></b>

The accompanying notes are an integral part of these statements.

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

	Years Ended December 31,	
	2001	2000
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ (11,639)	\$ 35,266
Adjustments to Reconcile Decrease in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	14,353	17,780
Loss on Disposal of Fixed Assets	5,000	43
Changes in Assets and Liabilities:		
Membership Dues Receivable	15,685	(16,725)
Other Receivables	(20,483)	(155,431)
Prepaid and Other Assets	(7,168)	428
Deferred Revenue	(191,249)	43,880
Accounts Payable	30,583	10,941
Accrued Payables	14,477	(16,587)
Discontinued Operations	-	(80,477)
Total Adjustments	32,698	(176,218)
Net Cash Provided (Used) by Operating Activities	21,059	(120,952)
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments	(3,494)	(4,323)
Purchase of Property and Equipment	(5,563)	(2,898)
Net Cash Used by Investing Activities	(9,057)	(6,421)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	11,938	(127,373)
<b>Cash and Cash Equivalents at Beginning of Year</b>	37,661	165,836
<b>Cash and Cash Equivalents at End of Year</b>	\$ 49,599	\$ 38,463
<b>Supplemental Disclosures:</b>		
Cash Paid During the Year for:		
Interest	\$ 618	\$ 818
Income Taxes	\$ 3,034	\$ 2,948

The accompanying notes are an integral part of these statements.



**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2001 AND 2000**

**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 revised 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 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.

***Basis of Statements***

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.

***Property and Equipment***

Property and equipment are recorded at cost. Expenditures 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 five to twenty years for the office furniture and equipment and household improvements, respectively.

Through the Total Resource Development Campaign, the Chamber obtained the use of three vehicles. The agreements for the use of the vehicles are open-ended and provide for

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2001 AND 2000**

the Chamber to provide adequate insurance coverage and cover regular maintenance and operating costs. The value for these vehicles is included in property and equipment but the fair value of these vehicles is included in Administrative Division Support and in Management and General expenses.

*Deferred Revenue*

Membership dues are billed on a monthly basis, coinciding with the month the member joins 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 90 days past due.

Other deferred revenue consists of commitments received during the Total Resource Development Campaign for events or programs to be carried out in the following year. These deferred revenues are recognized as income either on a straight-line basis or as the individual events occur.

*Compensated Absence*

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.

*Net Assets*

The unrestricted-undesignated net assets represent the surplus accumulated over several years through normal operations of the Chamber. Income from restricted assets which is received during the fiscal year and for which the restrictions are satisfied within the same fiscal year, is represented in the changes in unrestricted net assets.

Some of the temporarily restricted net assets represent contributions for sponsorships for the Leadership Program and general operations pledged prior to year end. As the Chamber expends these funds at the designated time, the restrictions will be removed and these amounts will be reclassified to unrestricted-undesignated net assets.

The balance of the temporarily restricted net assets at December 31, 2000 represent contributions for the Leadership Division. As these funds were expended for their designated purposes, the restrictions were removed. At December 31, 2001 there were no restricted net assets.

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2001 AND 2000**

*Statements of Cash Flows*

For the purposes of the statements of cash flows, the Chamber considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

*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 are allocated to supporting services. The direct costs of providing for 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 - is devoted to supporting the combination of educational and workforce training needs throughout the region served by the Chamber. Some of the programs sponsored by the division are the School-to-Work partnership between education and business, the Incumbent Worker Training program, the regional Career Fair and the Job Shadowing program.

Government Relations/Affairs Division - focuses on state, local and federal government initiatives. The Chamber maintains a full time staff person in Baton Rouge during the Legislative Sessions as well as conducting the annual Northern Exposure advocacy trip to the State Capital. On the local level, the Chamber has contracted with the City of Monroe and the Ouachita Parish Police Jury to represent these agencies in the areas of economic development, state and federal advocacy, and transportation and infrastructure. The Chamber also conducted 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 quarterly newsmagazine. Literature to acquaint newcomers with Ouachita Parish is available from the Chamber and on the Chamber's web site.

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2001 AND 2000**

Supporting services include:

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

**Fund Raising** - includes the annual Holiday Auction

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

**Tests of Presentation**

Contributions received by the Chamber are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Chamber reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Chamber had no permanently restricted net assets at December 31, 2001 or 2000.

**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 membership directories, maps and brochures.

**Note 2 - Supporting Services**

Management and General expenses consisted of the following for 2001 and 2000, respectively.

	2001	2000
Salaries and Employee Benefits	\$ 148,390	\$ 129,798
Insurance	9,446	11,882
Travel and Entertainment	687	3,283
Automobile Expense	26,388	15,882

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2001 AND 2000**

Telephone	26,381	25,898
Postage	13,424	9,818
Printing and Subscriptions	22,189	11,507
Office Rent	44,254	44,736
Equipment Lease	9,865	9,934
Depreciation	14,253	17,789
Continuing Education	19,875	15,440
Office Supplies	19,360	13,182
Professional Fees	7,259	13,814
Service Contracts and Repairs	23,243	29,169
Unrelated Trade or Business Income Taxes	2,550	3,214
Other	22,821	49,735
Total	<u>\$ 487,752</u>	<u>\$ 384,732</u>

Fund raising expenses consisted of the following for 2001 and 2000, respectively.

	<u>2001</u>	<u>2000</u>
Salaries and Employee Benefits	\$ 7,747	\$ 8,917
Other - Christmas Auction	32,333	24,193
Total	<u>\$ 40,080</u>	<u>\$ 33,110</u>

Membership development expenses consisted of the following for 2001 and 2000, respectively.

	<u>2001</u>	<u>2000</u>
Salaries and Employee Benefits	\$ 44,821	\$ 42,383
Printing and Developing	7,588	5,187
Annual Meeting and Banquet	24,912	18,345
Other	13,962	7,584
Total	<u>\$ 91,283</u>	<u>\$ 73,519</u>

**Note 3 - Leases**

As of December 31, 2001, the Chamber leased office space and certain equipment under noncancelable operating leases. Rental expense for the years ended December 31, 2001 and 2000, was \$34,119 and \$34,718, respectively. Future minimum lease payments required under the operating leases are as follows:

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2001 AND 2000**

		Operating Leases
2000	\$	7,449
2001		4,966
Total minimum lease payments	\$	12,415

**Note 4 - Employer 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 3% of participating employees' earnings. Employees may make a pre-tax voluntary contribution of up to 15% of their compensation to the plan. The Chamber contributed \$17,146 and \$13,380 to this plan for the years ended December 31, 2001 and 2000, respectively.

**Note 5 - Concentration of Credit Risk**

All of the membership dues receivable represent amounts due from businesses located within Ouachita Parish and mostly within the city of Monroe. Over seventy-one 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. Failure of the membership to perform as promised could impact the Chamber's ability to collect \$8,858 and \$132,212 of the membership dues receivable and other receivables, respectively. Approximately twenty-one per cent of the Chamber's revenue is from two local governments.

The Chamber has various deposit accounts at federally insured financial institutions. At December 31, 2001, the bank balances in these institutions totaled \$151,898 which was fully insured.

**Note 6 - Technology Opportunities Program**

In September, 2001, the Chamber was awarded a grant from the United States Department of Commerce to promote the use and availability of advanced telecommunications technologies in the region. For the year ended December 31, 2001, the Chamber has recognized \$19,211 in revenues and expenses under the program.

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2001 AND 2000**

**Note 7 - Subsequent Events**

On March 20, 2002 the Chamber entered into an operating agreement with RTR of Monroe, LLC (See Note 5) creating the Millar Building, LLC for the operation of a commercial office building in downtown Monroe. Under the agreement, RTR of Monroe, LLC has a 80% equity ownership and the Chamber a 10% equity ownership of the building. The Chamber will pay \$300,000 for its 10% interest. For the operating agreement the Chamber shall be paid \$7,800 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.

The Chamber has entered into a commercial lease agreement with RTR of Monroe, LLC for the lease of office space in the building mentioned above. The lease shall be for a term of 120 months commencing on March 1, 2002 and ending on February 28, 2012. Rental payments under the lease are \$5,956.67 per month. Future minimum lease payments required under this lease are \$71,850 per year for 10 years.

In addition, the Chamber executed a promissory note dated March 5, 2002 providing for a line of credit of \$100,000 at an interest rate of 4.75%. Proceeds from this loan are to be used to purchase furniture and equipment for the new offices the Chamber will be occupying in 2002. On March 6, 2002, the Chamber drew \$50,512 under the line of credit and on the same date purchased office furnishings totaling that amount.

On February 19, 2003, the Chamber entered into a lease purchase agreement with Dell Financial Services for various computer equipment. The lease is payable in 36 equal installments of \$689.58 through February, 2003. Future minimum lease payments under this lease are \$6,995.80 in 2002; \$8,294.96 in 2003; \$8,384.96 in 2004 and \$1,480.17 in 2005.

**Note 8 - Related Party Transactions**

Members of the Chamber's Board of Directors (Executive Committee) are also members of the Monroe Chamber Foundation's (the Foundation) Board of Directors. The Chamber furnishes to the Foundation office space and personnel to administer the pass-through grants from the State of Louisiana. During the year 2001 and 2000, the Foundation paid the Chamber \$102,303 and \$178,316, respectively for personnel, supplies and office space. The chairman of the Board of Directors of the Chamber is also a part owner of RTR of Monroe, LLC. (See Note 7)



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 year ended December 31, 2001, and have issued our report thereon dated March 21, 2002. 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 Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

**Compliance**

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 grants, non-compliance 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 non-compliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Chamber's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the component and financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.



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

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We did, however, note a matter involving the internal control over financial reporting which we have reported to management of the Chamber in a separate letter dated March 21, 2002.

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. However, this report is a matter of public record and its distribution is not limited.



(A Professional Accounting Corporation)

March 21, 2002



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## MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the Monroe Chamber of Commerce, Inc. (the Chamber) as of and for the year ended December 31, 2001, we considered its internal controls and other operating processes of the Chamber in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls or those other processes.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and other procedures to provide for more effective and efficient operation of the Chamber's programs. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated March 21, 2002 on the financial statements of the Chamber.

### **Technology Opportunities Program Grant**

In September, 2001 the Chamber received a grant from the United States Department of Commerce to promote the use and availability of advanced telecommunications technologies in rural and urban areas. The Chamber, together with its partners, the University of Louisiana at Monroe, area educational organizations and local businesses have developed an impressive plan to secure this advanced technology infrastructure in the Northeast Louisiana Delta Region to provide for education, skills training and enrichment of Delta residents.

While we believe that this is a most worthwhile program deserving of the Chamber's involvement, we believe that with the Chamber's limited staff and resources, the program would be better served if the University of Louisiana at Monroe were contracted to provide fiscal and administrative services for the conduct of the program's mission. We believe that the University possesses the staff with the experience in administering such grants to provide those services to result in a more effective and efficient utilization of resources.

In the future, the Chamber should consider all aspects of administering such grants before making the decision to apply for the grant. Among the factors to consider are the unrecoverable costs and the strain on the Chamber's limited staff's time and efforts in providing the everyday services required of them supporting the Chamber's other activities.

**Management's Response:**

Management of the Chamber concurs with the recommendation and is working with the grantor agency and the University of Louisiana at Monroe to determine if arrangements can be made for the University to provide fiscal and administrative services with the Chamber maintaining its role as grant recipient.

Furthermore, the Chamber is developing policies and procedures to ensure that applications for grants, in the future, are preceded by a comprehensive review by administrative and financial management. Such review will address the following:

1. Strategic fit within the Chamber's stated missions,
2. Income and cash flow implications, and
3. Staff and other physical resource requirements.



(A Professional Accounting Corporation)

March 21, 2002