

Monroe Chamber of Commerce, Inc.

**Financial Statements
As of and for the Years Ended
December 31, 2008 and 2007**

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 7/22/09

Monroe Chamber of Commerce, Inc.

As of and for the Years Ended
December 31, 2008 and 2007

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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, 2008 and 2007, 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, 2008 and 2007, 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 June 17, 2009, 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.

As discussed in Note 11 to the financial statements, the Chamber has sustained substantial net decreases in its unrestricted net assets beginning in 2004. Since that time, the Chamber has implemented several cost savings moves in an effort to reverse this trend. In 2009, the Chamber has implemented a plan to further reverse this trend in the future by several revenue generating or cost reduction moves.

Luffey, Huffman, Ragsdale, & Soignier
(A Professional Accounting Corporation)

June 17, 2009

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

	December 31,	
	2008	2007
ASSETS		
Current Assets		
Cash	\$ 52,211	\$ 44,111
Receivables:		
Membership Dues	15,060	13,445
Total Resource Development Campaign	26,405	26,975
Government Consulting	-	7,500
Other	11,995	21,024
Total Current Assets	105,671	113,055
Property and Equipment		
Furniture, Fixtures and Equipment	240,600	229,692
Less: Accumulated Depreciation	(178,714)	(150,750)
Net Property and Equipment	61,886	78,942
Other Assets		
Investment in Milner Building, L.L.C. (Note 2)	100,000	100,000
Prepaid Expenses	8,081	7,448
Total Other Assets	108,081	107,448
TOTAL ASSETS	\$ 275,638	\$ 299,445

The accompanying notes are an integral part of these statements.

	December 31,	
	2008	2007
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 85,359	\$ 72,500
Accrued Payables	4,800	2,799
Capital Lease Obligations - Current Portion (Note 4)	5,357	9,548
Note Payable - Current Portion (Note 3)	18,680	20,000
Refundable Advances (Note 10)	21,650	38,559
Deferred Revenue:		
Membership Dues	126,668	97,341
Governmental Contracts	2,500	2,500
Total Current Liabilities	<u>265,014</u>	<u>243,247</u>
Long-Term Liabilities		
Capital Lease Obligations (Note 4)	5,239	1,708
Note Payable (Note 3)	4,857	20,235
Total Long-Term Liabilities	<u>10,096</u>	<u>21,943</u>
 Total Liabilities	 275,110	 265,190
Net Assets		
Unrestricted	528	34,255
Total Net Assets	<u>528</u>	<u>34,255</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>275,638</u>	 \$ <u>299,445</u>

MONROE CHAMBER OF COMMERCE, INC.
STATEMENTS OF ACTIVITIES

	For the Years Ended	
	December 31,	
	2008	2007
Changes in Unrestricted Net Assets		
Support		
Membership Dues	\$ 267,781	\$ 276,708
Administrative Division	16,737	15,307
Communications Division	65,659	95,440
Workforce Development Division	81,635	90,829
Government Relations/Affairs Division	257,451	277,436
Governmental Contracts	-	7,800
Leadership Division	30,676	35,020
Annual Banquet	49,135	36,775
Investment Income	7,167	7,756
Fund Raising	127,994	143,260
Total Unrestricted Support	904,235	986,331
Expenses		
Program Services:		
Workforce Development Division	74,964	105,863
Government Relations/Affairs Division	309,597	307,579
Membership Services Division	66,859	81,949
Total Program Services Expenses	451,420	495,391
Supporting Services:		
Management and General (Note 5)	305,473	320,370
Fund Raising (Note 5)	99,595	102,211
Membership Development (Note 5)	81,474	82,269
Total Supporting Services Expenses	486,542	504,850
Total Expenses	937,962	1,000,241
Decrease in Net Assets	(33,727)	(13,910)
Net Assets at Beginning of Year	34,255	48,165
NET ASSETS AT END OF YEAR	\$ 528	\$ 34,255

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,	
	2008	2007
Cash Flows from Operating Activities		
Decrease in Net Assets	\$ (33,727)	\$ (13,910)
Adjustments to Reconcile Decrease in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	27,964	26,454
Changes in Assets and Liabilities:		
Membership Dues Receivable	(1,615)	3,205
Other Receivables	17,099	(18,879)
Prepaid and Other Assets	(633)	3,049
Accounts Payable	12,859	(23,543)
Accrued Payables	2,001	975
Refundable Advances	(16,909)	28,759
Deferred Revenue	29,327	(23,804)
Total Adjustments	<u>70,093</u>	<u>(3,784)</u>
Net Cash Provided (Used) by Operating Activities	36,366	(17,694)
Cash Flows from Financing Activities		
Principal Paid on Capital Lease	(11,568)	(8,332)
Principal Paid on Note Payable	(16,698)	(8,179)
Net Cash Used by Financing Activities	<u>(28,266)</u>	<u>(16,511)</u>
Cash Flows from Investing Activities		
Acquisition of Property and Equipment (Net)	-	(1,232)
Net Cash Used by Investing Activities	<u>-</u>	<u>(1,232)</u>
Net Increase (Decrease) in Cash	8,100	(35,437)
Cash at Beginning of Year	<u>44,111</u>	<u>79,548</u>
Cash at End of Year	<u>\$ 52,211</u>	<u>\$ 44,111</u>
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	\$ 4,525	\$ 6,551
Income Taxes	<u>\$ 2,315</u>	<u>\$ 1,429</u>
Non-Cash Financing Activities		
Increase in Capital Lease	10,908	\$ -
Refinancing of Note Payable	23,597	-
Retirement of Note Payable	(23,597)	-
	<u>\$ 10,908</u>	<u>\$ -</u>
Non-Cash Investing Activities		
Acquisition of Property and Equipment	<u>\$ (10,908)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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, 2008 and 2007, 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, 2008 and 2007, the Chamber has no permanently restricted net assets.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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. 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.

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
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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.

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
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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.

On December 5, 2008, the Chamber refinanced its promissory note for an interest rate of 6.25% with fifteen \$1,636 monthly payments. At December 31, 2008, the note payments are as follows:

Year	Principal	Interest	Total
2009	\$ 18,680	\$ 954	\$ 19,634
2010	4,857	52	4,909
Total	<u>\$ 23,537</u>	<u>\$ 1,006</u>	<u>\$ 24,543</u>

Note 4 - Capital Lease Obligation-Computer Equipment

During 2006, the Chamber acquired \$26,257 of computer equipment through a capital lease. In addition, the Chamber entered into a similar capital lease during 2008, acquiring \$10,908 of computer equipment. Capital leases give rise to both property rights and long-term lease obligations and are reflected on the Chamber's Statement of Net Assets. Total lease payments for the years ended December 31, 2008 and 2007 were \$12,810 and \$10,404 respectively. At December 31, 2008, future minimum lease payments under capital lease obligations are as follows:

Year	Amount
2009	\$ 5,859
2010	4,125
2011	1,362
Total Minimum Lease Payments	11,346
Less: Amounts Representing Interest	(749)
Net Present Value of Future Minimum Lease Payments	<u>\$ 10,597</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Note 5 - Supporting Services

Management and General expenses consist of the following for 2008 and 2007, respectively.

	<u>2008</u>	<u>2007</u>
Automobile Expense	\$ 2,090	\$ 3,304
Continuing Education	106	295
Depreciation	27,963	26,453
Insurance	7,931	8,830
Interest	4,730	6,551
Lease-Copier Equipment	6,170	5,222
Lease-Office Space	71,960	72,502
Office Supplies	13,084	17,128
Postage	7,261	10,222
Professional Fees	21,853	18,317
Salaries and Employee Benefits	102,579	113,729
Service Contracts and Repairs	6,154	6,297
Telephone	12,454	13,970
Travel and Entertainment	167	47
Unrelated Business Income Taxes	2,825	1,425
Other	<u>18,146</u>	<u>16,078</u>
 Total	 <u>\$ 305,473</u>	 <u>\$ 320,370</u>

Fund raising expenses consist of the following for 2008 and 2007, respectively.

	<u>2008</u>	<u>2007</u>
Salaries and Employee Benefits	\$ 31,853	\$ 30,934
Christmas Auction	59,573	60,647
Golf Tournament	7,935	10,271
Congressional Matters	<u>234</u>	<u>359</u>
 Total	 <u>\$ 99,595</u>	 <u>\$ 102,211</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Membership development expenses consist of the following for 2008 and 2007, respectively.

	2008	2007
Salaries and Employee Benefits	\$ 48,166	\$ 50,102
Annual Meeting and Banquet	30,804	17,334
Printing and Developing	50	1,750
Other	2,454	13,083
Total	\$ 81,474	\$ 82,269

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, 2008 and 2007, is \$71,960 for each year. Future minimum lease payments required under the operating lease are as follows:

	Operating Lease
2009	71,960
2010	71,960
2011	71,960
2012	11,993
Total minimum lease payments	\$ 227,873

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 \$12,463 and \$14,753 to this plan for the years ended December 31, 2008 and 2007, respectively.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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 2007 the Chamber received \$128,212 (13% of total support) from local government entities. In 2008, the Chamber received \$123,495 (13% of total support) from these same local governments. For 2009, the Chamber has budgeted \$125,500 from these local governments.

The Chamber has various deposit accounts at two federally insured financial institutions. At December 31, 2008, the bank balances in these accounts did not exceed 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 2008, the Chamber conducted their 2009 Total Resource Development Campaign. At December 31, 2008, the Chamber had commitments of \$177,000 of which \$13,500 was received before December 31, 2008 and is included in refundable advances.

Note 11 - Subsequent Event-Future Financial Planning and Activities

During 2009, the Chamber has taken steps to balance its budget and work towards increasing its unrestricted net assets to \$150,000. Its first step was taken in June of 2009 by eliminating one staff position which should result in a net savings of \$30,000. Additional steps that will be taken focus on retention of its current members, have a membership drive in mid 2009, implement a 10% increase in dues effective July 1, 2009 and work with local government in underwriting certain Chamber activities.

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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, 2008 and 2007, and have issued our report thereon dated June 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Chamber's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting

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

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. We consider the deficiency described in the accompanying Schedule of Findings and Questions Costs listed as 08-01 to be a significant deficiency in the internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 08-01 of the significant deficiency described above to be a material weakness.

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*.

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.

Huffey, Huffman, Roydale, & Siggins

(A Professional Accounting Corporation)

June 17, 2009

MONROE CHAMBER OF COMMERCE, INC.
Monroe, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

08-01 Proper Timing of Revenue Recognition

Finding:

During the course of our audit, we noted that membership receivables included amounts that had exceeded the Chamber's policy of 120 days by approximately \$14,000. We also noted that the total resource campaign receivables had amounts totaling approximately \$13,300 that had not been collected for an extended period of time.

Upon review of a deferred revenue account, we noted that \$8,680 in proceeds from 2008's holiday auction, raffle ticket sales and governmental luncheon tickets were continuing to be classified as *unearned income* at December 31, 2008. These proceeds should have been recognized as revenue in 2008 after the event occurred.

These issues create a false financial picture which could lead management to make decisions that it would otherwise make differently.

Recommendation:

We recommend that the Chamber review its membership receivables on a monthly basis and determine the likelihood of collection. When a membership receivable has not been collected within the 120 days, the receivable should be reversed along with the revenue that has been recorded and any remaining deferred revenue. With respect to the total resource campaign receivables, billing should occur when authorized by the sponsoring entity, either at the time of the signing of the contract, after the event occurred or other such payment schedule as established by the sponsoring entity. Finally, the Chamber should recognize its deferred revenues in the month the event occurs.

Management's Corrective Action Plan:

We do recognize the need to comply with these recommendations and had originally believed that we had with respect to the receivables and the deferred revenues. We will be diligent in writing off our membership receivables that are past due by 120 days. With respect to the older receivables associated with the total resource campaign, we will bill these older receivables where possible after initiating direct contact with the sponsoring entity. We had also believed that we had correctly reflected deferred revenue and revenue when we had originally closed our books. We had set up these proceeds as deferred revenues when received since the event had not occurred but had not reversed them after the events took place. In the future, management and the Finance Committee will be reviewing a detailed listing of these three accounts. We have posted correcting entries for each of these issues which have been reflected in the financial statements.

MONROE CHAMBER OF COMMERCE, INC.
Monroe, Louisiana

SUMMARY STATUS OF PRIOR YEAR FINDINGS

Management Letter

Documentation of Internal Control

Finding:

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.

Status:

With 2009 being a year of transition with respect to work assignments within the Chamber, the Board of Directors will be developing written internal control policies using the COSO Framework which will document our operations. Once formally adopted, we will assess the effectiveness and design of internal control on an ongoing basis.