

Monroe Chamber of Commerce, Inc.

**Consolidated Financial Statements
As of and for the Years Ended
December 31, 2016 and 2015**

Monroe Chamber of Commerce, Inc.

Consolidated Financial Statements As of and for the Years Ended December 31, 2016 and 2015

Table of Contents

	<u>Page</u>
Independent Auditors' Report -----	1
Consolidated Statements of Financial Position -----	3
Consolidated Statements of Activities -----	5
Consolidated Statements of Cash Flows -----	7
Notes to the Consolidated Financial Statements -----	8
Schedule of Compensation, Benefits and Other Payments to Agency Head -----	18
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	19

HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP
Katie Jacola, CPA
Ronnie Jacola, CPA
Lesley Engolia, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors Monroe Chamber of Commerce, Inc.

We have audited the accompanying consolidated financial statements of the **Monroe Chamber of Commerce, Inc.** and the **Monroe Chamber Foundation** (a nonprofit organization, the Chamber), which collectively comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related consolidated notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Monroe Chamber of Commerce, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

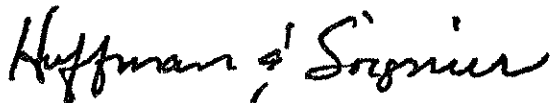
Other Matters

Our audit was conducted for the purpose of forming an opinion on the Chamber's consolidated financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head on page 18 is presented for purposes of additional analysis and is not a required part of the consolidated basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the consolidated basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated basic financial statements or to the consolidated basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017, on our consideration of the Chamber's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chamber's internal control over financial reporting and compliance.



(A Professional Accounting Corporation)

June 20, 2017

Financial Statements

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

	December 31, 2016		
	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current Assets			
Cash	\$ 277,478	\$ 92,311	\$ 369,789
Receivables			
Membership Dues	3,975	-	3,975
Total Resource Development Campaign	9,798	-	9,798
Grant Receivable	-	100,000	100,000
Other	6,178	-	6,178
Total Current Assets	<u>297,429</u>	<u>192,311</u>	<u>489,740</u>
Property and Equipment			
Furniture, Fixtures and Equipment	196,451	-	196,451
Less Accumulated Depreciation	(195,237)	-	(195,237)
Net Property and Equipment	<u>1,214</u>	<u>-</u>	<u>1,214</u>
Other Assets			
Notes Receivable	-	-	-
Prepaid Expenses	6,505	-	6,505
Total Other Assets	<u>6,505</u>	<u>-</u>	<u>6,505</u>
TOTAL ASSETS	<u>\$ 305,148</u>	<u>\$ 192,311</u>	<u>\$ 497,459</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Payables	3,835	-	3,835
Capital Lease Obligations - Current Portion	723	-	723
Deferred Revenue			
Membership Dues	78,655	-	78,655
Leadership Dues	1,300	-	1,300
Governmental Contracts	5,833	-	5,833
Other	100	-	100
Total Current Liabilities	<u>90,446</u>	<u>-</u>	<u>90,446</u>
Long-Term Liabilities			
Capital Lease Obligations	-	-	-
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>90,446</u>	<u>-</u>	<u>90,446</u>
Net Assets			
Temporarily Restricted	-	192,311	192,311
Unrestricted	214,702	-	214,702
Total Net Assets	<u>214,702</u>	<u>192,311</u>	<u>407,013</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 305,148</u>	<u>\$ 192,311</u>	<u>\$ 497,459</u>

The accompanying notes are an integral part of these statements.

December 31, 2015

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 270,548	\$ 13,822	\$ 284,370
4,025	-	4,025
8,575	-	8,575
-	-	-
9,207	-	9,207
<u>292,355</u>	<u>13,822</u>	<u>306,177</u>
197,221	-	197,221
<u>(191,603)</u>	<u>-</u>	<u>(191,603)</u>
5,618	-	5,618
2,500	-	2,500
<u>6,280</u>	<u>-</u>	<u>6,280</u>
<u>8,780</u>	<u>-</u>	<u>8,780</u>
<u>\$ 306,753</u>	<u>\$ 13,822</u>	<u>\$ 320,575</u>
\$ 10,223	\$ -	\$ 10,223
3,546	-	3,546
5,206	-	5,206
80,540	-	80,540
1,300	-	1,300
5,833	-	5,833
-	-	-
<u>106,648</u>	<u>-</u>	<u>106,648</u>
722	-	722
<u>722</u>	<u>-</u>	<u>722</u>
107,370	-	107,370
-	13,822	13,822
<u>199,383</u>	<u>-</u>	<u>199,383</u>
<u>199,383</u>	<u>13,822</u>	<u>213,205</u>
<u>\$ 306,753</u>	<u>\$ 13,822</u>	<u>\$ 320,575</u>

MONROE CHAMBER OF COMMERCE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Membership Dues	\$ 257,979	\$ -	\$ 257,979
Administrative	24,140	-	24,140
Communications	37,428	-	37,428
Workforce Development	103,684	219,500	323,184
Government Relations/Affairs	236,634	-	236,634
Leadership	45,930	-	45,930
Annual Banquet	62,880	-	62,880
Special Events Revenue	93,847	-	93,847
Less Costs of Direct Benefits to Donors	(34,297)	-	(34,297)
Total Unrestricted Support	<u>828,225</u>	<u>219,500</u>	<u>1,047,725</u>
Net Assets Released from Restriction	<u>41,012</u>	<u>(41,012)</u>	<u>-</u>
Total Support and Revenue	869,237	178,488	1,047,725
Expenses			
Program Services			
Workforce Development Division	128,380	-	128,380
Government Relations/Affairs Division	335,696	-	335,696
Membership Services Division	57,062	-	57,062
Total Program Services Expenses	<u>521,138</u>	<u>-</u>	<u>521,138</u>
Supporting Services			
Management and General	225,906	-	225,906
Fundraising	23,898	-	23,898
Membership Development	82,975	-	82,975
Total Supporting Services Expenses	<u>332,779</u>	<u>-</u>	<u>332,779</u>
Total Expenses	<u>853,917</u>	<u>-</u>	<u>853,917</u>
Increase (Decrease) in Net Assets	15,320	178,488	193,808
Net Assets at Beginning of Year	<u>199,382</u>	<u>13,823</u>	<u>213,205</u>
NET ASSETS AT END OF YEAR	<u>\$ 214,702</u>	<u>\$ 192,311</u>	<u>\$ 407,013</u>

The accompanying notes are an integral part of these statements.

For the Year Ended December 31, 2015

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 249,406	\$ -	\$ 249,406
18,800	-	18,800
38,945	-	38,945
99,662	20,800	120,462
246,694	-	246,694
43,530	-	43,530
52,720	-	52,720
117,197	-	117,197
(38,027)	-	(38,027)
828,927	20,800	849,727
25,004	(25,004)	-
853,931	(4,204)	849,727
107,667	-	107,667
349,046	-	349,046
55,904	-	55,904
512,617	-	512,617
226,672	-	226,672
23,770	-	23,770
80,128	-	80,128
330,570	-	330,570
843,187	-	843,187
10,744	(4,204)	6,540
188,638	18,027	206,665
\$ 199,382	\$ 13,823	\$ 213,205

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

	For the Years Ended	
	December 31,	
	2016	2015
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 193,808	\$ 6,540
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	4,992	5,503
Gain on Sale of Equipment	(350)	-
Rental Expense - Noncash	2,500	15,000
Changes in Assets and Liabilities:		
Membership Dues Receivable	50	925
Total Resource Development Campaign Receivable	(1,223)	(2,775)
Grants Receivable	(100,000)	-
Other Receivables	3,029	(5,717)
Prepaid and Other Assets	(225)	1,214
Accounts Payable	(10,223)	10,223
Accrued Payables	289	46
Refundable Advances	-	(840)
Deferred Revenue - Membership Dues	(1,885)	2,679
Deferred Revenue - Leadership Dues	-	1,300
Deferred Revenue - Governmental Contracts	-	3,333
Deferred Revenue - Other	100	-
Total Adjustments	(102,946)	30,891
Net Cash Provided by Operating Activities	90,862	37,431
Cash Flows from Investing Activities		
Acquisition of Property and Equipment (Net)	(587)	-
Proceeds from Sale of Office Equipment	350	-
Net Cash Used by Investing Activities	(237)	-
Cash Flows from Financing Activities		
Principal Paid on Capital Lease	(5,206)	(4,894)
Net Cash Used by Financing Activities	(5,206)	(4,894)
Net Increase in Cash	85,419	32,537
Cash at Beginning of Year	284,370	251,833
Cash at End of Year	\$ 369,789	\$ 284,370
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	\$ 245	\$ 558
Income Taxes	\$ 677	\$ -
Non-Cash Operating Activities		
In-Kind Contributions	\$ 139,438	\$ 145,213
Materials, Services and Supplies	\$ (127,300)	\$ (135,600)
Decrease in Note Receivable in Exchange for Rent	\$ (2,500)	\$ (15,000)
Non-Cash Financing and Capital Activities		
Capital Lease Obligation	\$ -	\$ 1,980
Purchase of Equipment Through Capital Lease	\$ -	\$ (1,980)

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies

Organization and Consolidation

The Monroe Chamber of Commerce, Inc. was incorporated September 1947 under the laws of the State of Louisiana. The Articles of Incorporation were restated in December 2010, and among other things, stated that the objectives and purposes of the organization are “to advance and protect the general welfare and prosperity of Ouachita Parish and the surrounding area so that the business community and its citizens shall prosper. All appropriate and necessary means of promotion shall be provided and particular attention shall be given to the economic, financial, commercial, agricultural, industrial, governmental, educational, and civic activities of the region. The Chamber shall observe all laws applicable to a nonprofit organization as defined in Section 501(c)(6) of the Internal Revenue Code or the corresponding provision of any such future law.”

In 1980 the Monroe Chamber Foundation was formed under Section 501(c)(3) of the Internal Revenue Code to pursue charitable, scientific, literary or educational purposes. The Board of Directors is elected in conjunction with the Monroe Chamber of Commerce, Inc.’s Board of Directors (Executive Committee) such that members of the Monroe Chamber of Commerce, Inc.’s Board of Directors (Executive Committee) are also members of the Monroe Chamber Foundation’s Board of Directors. As a result, the financial statements are consolidated to include both the Monroe Chamber of Commerce, Inc. and the Monroe Chamber Foundation (the Chamber) such that all intra-entity transactions have been eliminated.

Basis of Presentation

The Chamber has adopted Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-605-25, “Not For Profit Entities-Revenue Recognition”, and FASB ASC 958-205, “Not For Profit Entities-Presentation of Financial Statements”.

FASB ASC 958-205 establishes standards for financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. FASB ASC 958-605-25 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets can be subject to donor-imposed stipulations that may or will be met by either actions of the Chamber and/or the passage of time. At December 31, 2016 and 2015, the Chamber had \$192,311 and \$13,823 in

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

temporarily restricted assets for funding received from entities for workforce development programs to be administered by the Chamber.

Permanently Restricted Net Assets – Net assets can be subject to donor-imposed stipulations that require the asset be maintained permanently by the Chamber. As of December 31, 2016 and 2015, the Chamber did not have any permanently restricted net assets.

The Chamber's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position is available.

Basis of Accounting

The financial statements of the Chamber have been prepared on the accrual basis. The significant accounting policies followed by the Chamber are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

The Chamber considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost and donated assets are recorded at fair market value on the date of the donation. The Chamber capitalizes all property valued at \$500 or more that have an estimated useful life of one year or more. All other expenditures are expensed as incurred. The cost of assets retired or otherwise removed and the related accumulated depreciation are eliminated from the accounts in the year of removal, with the resulting gain or loss credited or charged to operations. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets ranging from three years for computer equipment to ten years for office furniture and equipment.

Deferred Revenue

Membership dues are billed on a monthly basis, coinciding with the month the member joined the Chamber. Membership revenue is deferred and recognized in the statement of activities on a straight-line basis over a one year period. Membership receivables are written off as uncollectible when they become 120 days past due.

Refundable Advances

Refundable advances consist of payments received during the Total Resource Development Campaign for events or programs to be carried out in the following year. These refundable advances are recognized as income in the subsequent year either on a straight line basis or as the individual event occurs.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Compensated Absences

Employees receive one week of vacation after six months, two weeks after one year, three weeks after five years, and four weeks after ten years of service. Vacation time is forfeited unless taken by year-end. Five days of sick leave are allowed annually. Employees are not compensated for any unused leave upon termination. Accordingly, no accrual for unpaid leave time is included in the financial statements.

Functional Allocation of Expenses

Program services expenses are those directly related to the purposes for which the Chamber exists. Supporting services expenses reflect other expenses incurred in operating the programs, fund raising, and membership development. Various operating expenses not directly connected with a specific function or program service is allocated to supporting services. The direct costs of providing the various programs and other activities have been summarized in the statements of activities. Salaries and employee benefits are allocated to program and supporting services based upon management's estimate of time each employee devotes to various activities.

Program services include:

Workforce Development Division – supports a combination of educational and workforce training needs throughout the region served by the Chamber. Some of the programs sponsored by the division are Accent on Excellence Breakfast and the regional Career Fair.

Government Relations/Affairs Division – focuses on state, local, and federal government initiatives. The Chamber has two registered state lobbyists on staff. These individuals are in Baton Rouge during Legislative Sessions as needed. They also conduct an annual Northern Exposure advocacy trip to the State Capital. On the local front, the Chamber has an agreement with the City of Monroe, to represent the City in the areas of economic development, state and federal advocacy, and transportation and infrastructure. The Chamber also conducts one trip to Washington, D. C., to meet with House and Senate members as well as various Federal agencies to promote issues of concern for our area.

Membership Services Division – benefits members of the Chamber by providing valuable information through a weekly newsletter and a semi-annual news magazine. The Chamber also provides literature to acquaint newcomers with Ouachita Parish which is also available on the Chamber's web site.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Supporting services include:

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

Fundraising - includes the costs of the annual Holiday Auction held in December of each year. The Chamber also hosts a golf tournament for members to raise funds.

Membership Development – includes soliciting for prospective members, membership dues and the Total Resource Development Campaign which solicits participation in and support of its various programs in fulfilling the mission of the Chamber and enhancing benefits to the membership.

Donated Materials and Services

Capital items are recorded at their fair market value on the date of donation. The value of contributed services and miscellaneous materials meeting the requirements for recognition in the financial statements are recognized as revenues and related expenses for gifts-in-kind.

Tax Status

The Monroe Chamber of Commerce, Inc. has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(6) and the Monroe Chamber Foundation has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code; therefore, there is no provision for income taxes in the accompanying financial statements except for tax on unrelated trade or business income related to the commissions of maps and tabloids. Income tax expense for the years ended December 31, 2016 and 2015 was \$314 and \$1,104, respectively and is presented in Management and General Expenses. The Chamber is subject to income tax examinations by the Internal Revenue Service and the Louisiana Department of Revenue; however, there are currently no examinations in progress for any tax periods. The Chamber is subject to income tax examinations for the years ended December 31, 2013, 2014, 2015, and 2016.

Impairment of Long-Lived Assets

The Chamber assets whether there has been impairment in the value of its long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the assets. If such assets are considered to be impaired, the amount of impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No assets were deemed to be impaired at December 31, 2016 or 2015.

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 - Cash

The Chamber's reconciled cash balance (book balance) at December 31, 2016, was \$369,789 with a bank balance of \$386,335, of which \$250,000 was covered by federal deposit insurance, leaving the remaining \$136,335 unsecured. At December 31, 2015, the book balance was \$284,370 with a bank balance of \$292,028, of which \$272,841 was covered by federal deposit insurance, leaving the remaining \$19,187 unsecured. The Chamber's deposits were maintained in one local financial institution in 2016 and two financial institutions in 2015.

Note 3 - Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2016	2015
Furniture	\$145,439	\$ 145,439
Electronic Equipment	42,946	43,716
Signage	8,066	8,066
Less Accumulated Depreciation	(195,237)	(191,603)
Balance, end of the year	\$ 1,214	\$ 5,618

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 4 - Investment in Milner Building, LLC

The Chamber sold its interest in the Milner Building on January 30, 2012 for \$60,000 to The Milner Building, LLC in the form of a promissory note. The Milner Building, LLC agreed to repay the Chamber its \$60,000 previous investment in Milner Building, LLC by allowing the Chamber to reduce its monthly rental payment amount to \$2,983, which is a reduction of \$1,250 per month or \$60,000 for the 48 month period.

The Chamber's Finance Committee had suggested at the time of the negotiation to rework the Chamber's office lease agreement and the sale of its interest in Milner Building, LLC that the Chamber should set money aside in a separate money market account that represents the effective collection on the note receivable via reduced rent expense. This initiative was with the objective that at February 29, 2016, the end of the 48 month lease agreement (see "Note 8 - Operating Lease - Office Space" of these Notes to the Consolidated Financial Statements for more lease information), the Chamber would have \$60,000 in a separate savings account. On February 29, 2016, the forty-eight month lease expired, and the Chamber had a balance of \$60,316 accumulated in the separate money market account as of December 31, 2016. The balance of \$60,316 in this account represents the cumulative amount of the notes receivable reduction for the entire forty-eight months ended December 31, 2016 (the number of months in the revised lease agreement that began March 1, 2012) and the interest earned on these monies. The activity in the money market account for 2016 and 2015 is as follows:

	December 31,	
	2016	2015
Balance, beginning of the year	\$ 56,536	\$ 42,517
Transfers into the account	3,750	14,000
Interest earned on the account	30	19
Balance, end of the year	\$ 60,316	\$ 56,536

The balance in the money market account is included in cash on the consolidated statements of financial position.

It should be noted that the lease renewed to a standard type lease on March 1, 2016 (expires February 28, 2018), and no additional rent reductions or transfers will take place during the terms of this new lease.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 5 - Capital Lease Obligations

On January 1, 2015, the Chamber entered into a capital lease, acquiring \$1,980 of a fax machine/copier/printer at an interest rate of 9.425%. Capital leases give rise to both property rights and long-term lease obligations and are reflected on the Chamber's Statements of Financial Position. Total lease payments for the year ended December 31, 2016 were \$760. As of December 31, 2016, future minimum lease payments under the capital lease obligation are as follows:

Year	Amount
2017	760
Total Minimum Lease Payments	760
Less: Amounts Representing Interest	(37)
Net Present Value of Future Minimum Lease Payments	\$ 723

Note 6 - Line of Credit

The Chamber obtained a \$75,000 revolving line of credit on June 15, 2010. The line of credit has a variable interest rate based on changes in an independent index-Low Prime Rate and is renewed every two years. The line of credit was renewed during 2016 and expires July 21, 2018.

The Chamber did not use this line of credit during 2016 or 2015.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 7 - Supporting Services

Management and General Expenses consist of the following for 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Automobile Expense	\$ 2,900	\$ 3,272
Bank Charges	9,942	8,589
Depreciation	4,992	5,503
Dues and Subscriptions	7,237	5,042
Insurance	7,709	7,080
Interest	245	558
Lease-Copier Equipment	6,206	6,167
Lease-Office Space	50,796	50,796
Meetings	3,454	4,126
Office Supplies	6,175	8,210
Postage	4,173	3,477
Professional Fees	19,467	18,900
Salaries and Employee Benefits	82,286	82,220
Service Contracts and Repairs	2,332	4,399
Telephone	10,997	11,065
Unrelated Business Income Taxes	314	1,104
Other	6,681	6,164
Total	<u>\$ 225,906</u>	<u>\$ 226,672</u>

Fundraising expenses consisted of salaries and related benefits in the amounts of \$23,898 and \$23,770 for 2016 and 2015, respectively.

Membership Development expenses consist of the following for 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Salaries and Employee Benefits	\$ 38,752	\$ 41,513
Annual Meeting and Banquet	20,988	12,786
Printing and Developing	2,201	5,566
Telephone	2,295	2,774
Ambassadors and Young Professionals	13,600	13,224
Other	5,139	4,265
Total	<u>\$ 82,975</u>	<u>\$ 80,128</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 8 - Operating Lease -Office Space

The Chamber leases office space from Milner Building, LLC, under a two year non-cancelable operating lease from March 1, 2016 until February 28, 2018 (renewed on March 1, 2016 as stated in Note 4). Total rent expense for the years ended December 31, 2016 and 2015 was \$50,796 and \$50,796, respectively. Future minimum lease payments required under the operating lease are \$50,796 for 2017 and \$8,466 for 2018.

Note 9 - Employee Retirement Plan

The Chamber provides a 401 (k) retirement plan for eligible employees. To participate in the plan, employees must be at least 21 years of age and have provided at least one year of service. The Chamber contributes 5% of participating employees' earnings. Employees may make a pre-tax voluntary contribution of up to 100% of their compensation or the maximum amount permitted by law to the plan. The Chamber contributed \$14,485 and \$14,239 to this plan for the years ended December 31, 2016 and 2015, respectively.

Note 10 - Noncash Activities

For 2016 and 2015, the Chamber received noncash revenues (membership dues and total resource development campaign contributions) of \$139,438 and \$145,213 in exchange for contributed services of \$127,300 and \$135,600, respectively. Additionally, Special Event revenue and Cost of Direct Benefits to Donors includes noncash activity in the form of items donated for the auction. For 2016 and 2015, the Chamber received items with fair market values of \$8,925 and \$9,950 that were later sold at auction. Additional noncash activities include the reduction of the Chamber's office rent expense, which serves as an effective collection on the Chamber's note receivable related to the sale of its investment in the Milner Building in 2012 (refer to Note 4).

Note 11 - Disclosures about Concentrations

All of the membership dues receivable represents amounts due from businesses located within Ouachita Parish and mostly within the City of Monroe. Approximately five percent of other receivables represent amounts due from the membership for participation in other programs such as leadership, government relations and similar programs. The Chamber does not require any security or collateral to secure these amounts.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

During 2016 and 2015, the Chamber received \$95,000 and \$92,500, respectively (11% and 11%, respectively, of total support in each of these years) from the City of Monroe, and the University of Louisiana at Monroe. All of the funds received from these local entities was used to support the costs of the Chamber's consulting lobbying firm. The lobbying firm contract is cancelable with 30 days notice.

Also during 2016 and 2015, the Chamber received \$219,500 and \$19,500, respectively, from four local entities to support the Chamber's efforts in workforce development activities.

Note 12 – Subsequent Events

Management has evaluated subsequent events through June 20, 2017, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.

MONROE CHAMBER OF COMMERCE, INC.

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2016

Agency Head: Susan Nicholson, President and Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 115,000
Benefits - insurance	10,591
Benefits - retirement	5,750
Reimbursements	2,694
Travel	1,408
Registration Fees	220
	<u>\$ 135,663</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the **Monroe Chamber of Commerce, Inc.** and the **Monroe Chamber Foundation** (a nonprofit organization, collectively the Chamber), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Chamber's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chamber's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

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

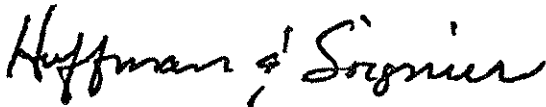
not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chamber's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

June 20, 2017