

FORT POLK PROGRESS, INC.

LEESVILLE, LOUISIANA

DECEMBER 31, 2014

L.A. CHAMPAGNE 
Certified Public Accountants

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TABLE OF CONTENTS

Independent auditor's report

Financial statements:

Statements of financial position	1
Statements of activities	2
Statements of cash flows	3
Statements of functional expenses	4
Notes to financial statements	5 - 8
Independent auditor's 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	9-10
Summary of audit results and schedule of findings and questioned costs	11-13
Management's corrective action plan	14-15
Schedule of corrective action taken on prior year findings	16

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Fort Polk Progress, Inc.

We have audited the accompanying financial statements of Fort Polk Progress, Inc., which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Polk Progress, Inc., as of December 31, 2014 and 2013, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2015, on our consideration of Fort Polk Progress's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Fort Polk Progress's internal control over financial reporting and compliance.

L.A. Champagne PLo LLP
June 16, 2015

FORT POLK PROGRESS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 222,547	\$ 25,358
Prepaid expenses	1,318	1,238
Total current assets	<u>223,865</u>	<u>26,596</u>
PROPERTY AND EQUIPMENT		
Property and equipment	7,768	-
Accumulated depreciation	(1,036)	-
Total property and equipment	<u>6,732</u>	<u>-</u>
 Total assets	 \$ <u>230,597</u>	 \$ <u>26,596</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	<u>17,000</u>	<u>15,000</u>
Total current liabilities	<u>17,000</u>	<u>15,000</u>
 UNRESTRICTED NET ASSETS	 <u>213,597</u>	 <u>11,596</u>
 Total liabilities and net assets	 \$ <u>230,597</u>	 \$ <u>26,596</u>

See accompanying notes

FORT POLK PROGRESS, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2014 and 2013

	2014	2013
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Government support under cooperative endeavor arrangements for economic development	\$ 514,000	\$ 88,000
Member contributions	26,908	22,000
Special events	-	3,636
Contributions - non cash	-	700
Interest income	68	-
	540,976	114,336
 EXPENSES		
Program expenses	324,591	204,991
Management and general expenses	14,012	2,768
Fundraising expenses	372	1,161
	338,975	208,920
 Increase (decrease) in unrestricted net assets	 202,001	 (94,584)
 Net assets - beginning of year	 11,596	 106,180
 Net assets - end of year	 \$ 213,597	 \$ 11,596

See accompanying notes

FORT POLK PROGRESS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 202,001	\$ (94,584)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,036	-
Decrease in accounts receivable	-	30,000
Increase in prepaid expense	(80)	(1,238)
Increase in accounts payable	<u>2,000</u>	<u>15,000</u>
Total adjustments	<u>2,956</u>	<u>43,762</u>
Net cash provided by (used in) operating activities	<u>204,957</u>	<u>(50,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	<u>(7,768)</u>	<u>-</u>
Net cash used in investing activities	<u>(7,768)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	197,189	(50,822)
Cash - beginning of year	<u>25,358</u>	<u>76,180</u>
Cash - end of year	<u>\$ 222,547</u>	<u>\$ 25,358</u>

See accompanying notes

FORT POLK PROGRESS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2014 and 2013

	2014			Total
	Program Services	Management and General	Fund Raising	
Professional services - government relations and lobbying	\$ 235,523	\$ -	\$ -	\$ 235,523
Professional services - Other	17,597	8,610	-	26,207
Education initiative	23,850	-	-	23,850
Marketing	36,826	-	-	36,826
Website	1,117	-	372	1,489
Insurance	-	2,557	-	2,557
Service charges	-	72	-	72
Depreciation expenses	1,036	-	-	1,036
Conferences, conventions, and meetings	2,048	-	-	2,048
Excise tax	-	2,773	-	2,773
Other expenses	6,594	-	-	6,594
Total expenses	\$ 324,591	\$ 14,012	\$ 372	\$ 338,975

	2013			Total
	Program Services	Management and General	Fund Raising	
Professional services - government relations and lobbying	\$ 192,524	\$ -	\$ -	\$ 192,524
Membership dues	-	1,500	-	1,500
Website	3,483	-	1,161	4,644
Insurance	-	1,191	-	1,191
Service charges	-	77	-	77
Conferences, conventions, and meetings	8,984	-	-	8,984
Total expenses	\$ 204,991	\$ 2,768	\$ 1,161	\$ 208,920

See accompanying notes

FORT POLK PROGRESS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Fort Polk Progress, Inc. (the "Organization") is a Louisiana non-profit corporation whose mission is to help coordinate the efforts of the civilian community in the support of Fort Polk, Louisiana. The Organization maintain relationships and partners with decision makers in Congress, at the Pentagon and at the state and local levels, ensuring that the most up to date information concerning Fort Polk and the surrounding communities is used in decisions concerning the base. The Organization was established in October, 2009.

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation

Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities under three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed use or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the Organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization presently has no temporarily restricted or permanently restricted net assets.

Contributions and grants

Contributions received, government support, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports cash gifts, grants and contributions of other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or grants, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sources of revenue

The Organization receives support from various government entities under cooperative endeavor arrangements, as well as membership contributions from other business organizations and individuals.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with a maturity of three months or less when acquired to be cash.

Accounts receivable

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. Subsequent collections are reported in miscellaneous income. In this case, the resulting charge to bad debt expense does not differ significantly from that expensed under the allowance method prescribed by generally accepted accounting principles.

Prepaid expenses

Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid.

Property and equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment is stated at cost less accumulated depreciation with depreciation being calculated on the straight-line basis over the estimated useful life of the assets as follows:

Furniture and equipment	5-7 yrs
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When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, management, and fund raising based upon estimates of time devoted to these functions.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax status

The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation under IRC 170(b)(1)(A)(vi).

The Organization applies the standards in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 740-10 in accounting for uncertainty in income taxes. The Organization files a United States return of organization exempt from income tax. The Organization's returns for 2011, 2012, 2013, and 2014 are subject to examination by the Internal Revenue Service.

B: ECONOMIC DEPENDENCY

The Organization receives the majority of its funding, 95% and 77% in 2014 and 2013, respectively, from area governmental entities under cooperative endeavor arrangements. Participation by such governmental entities is subject to budgetary constraints. Reduction in their participation could adversely impact the Organization's ability to carry out its economic development activities.

C: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost, less accumulated depreciation:

	2014	2013
Furniture and equipment	\$ 7,768	\$ -
Less accumulated depreciation	(1,036)	-
	<u>\$ 6,732</u>	<u>\$ -</u>

Depreciation expense for 2014 was \$1,036 and there was no depreciation expense in 2013.

D: CONCENTRATION OF CREDIT RISK

Fort Polk Progress maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation.

E: RELATED PARTY TRANSACTIONS

American Moving and Storage of Leesville, Inc. provides administrative services to the Organization. The value of such services is nominal and is not given any effect in the accompanying financial statements.

F: NON-CASH INVESTING AND FINANCING ACTIVITIES

There were no non cash investing and financing activities in 2014 and 2013.

G: COOPERATIVE ENDEAVOR ARRANGEMENTS

Several area governmental entities assist in the funding of the Organization's economic development efforts regarding retention of the Fort Polk military installation through cooperative endeavor arrangements. Cooperative endeavors include economic development assistance between governmental entities and associations such as Fort Polk Progress, Inc. Their support amounted to \$514,000 and \$88,000 in 2014 and 2013, respectively.

H: SUBSEQUENT EVENTS

Subsequent events were evaluated through June 16, 2015, which is the date the financial statements were available to be issued.

I: COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE BOARD CHAIRMAN

There was no compensation, benefits or other payments to the Board Chairman in 2014.

**INDEPENDENT AUDITOR'S 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**

The Board of Directors
Fort Polk Progress, Inc.

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 financial statements of Fort Polk Progress, Inc., which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fort Polk Progress'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fort Polk Progress's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Fort Polk Progress's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and

questioned costs as items 2014-1 and 2014-2 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Polk Progress'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*.

Fort Polk Progress's Response to Findings

Fort Polk Progress's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Fort Polk Progress's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Fort Polk Progress'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 Fort Polk Progress's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 16, 2015

FORT POLK PROGRESS, INC.
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2014

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Fort Polk Progress, Inc.
2. Two significant deficiencies in internal controls, 2014-1 and 2014-2, relating to the audit of the financial statements are included in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*." No items are reported as material weaknesses.
3. No instance of noncompliance material to the financial statements of Fort Polk Progress, Inc. was disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. A management letter was not issued in conjunction with this engagement.
8. Not applicable.
9. Not applicable.
10. Not applicable.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

INTERNAL CONTROL

2014-1 Internal Control over Financial Reporting

Condition: We have always assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process. ***This is a repeat finding from the prior year.***

Effect: Because our involvement is so key to that process there is an indication that this deficiency in internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined below.

Criteria: Internal controls over financial reporting are those policies and procedures that exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Auditor's Recommendation: At this time it is not feasible for the Fort Polk Progress, Inc. to acquire the expertise necessary to actually draft the year end financial statements in accordance with GAAP. Therefore, we propose to continue to assist management in the drafting of those financial statements.

Management Response: Management acknowledges the condition as described above. Although the Fort Polk Progress's management does not actually prepare and draft the financial statements, they have the capacity and experience to understand proposed adjustments and to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles. Management provides all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation. Therefore, management proposes to continue with the current arrangement for financial statement preparation.

2014-2 Segregation of Duties

Condition: Because of the small size of the Organization, its lack of any administrative staff and its nearly total reliance on volunteers, there is a general lack of formal administrative procedures including segregation of incompatible accounting duties. ***This is a repeat finding from the prior year.***

Effect: Because Fort Polk Progress, Inc. lack of administrative staff and its nearly total reliance on volunteers, there is an indication that this lack of segregation of duties of the Organization meets the definition of a significant deficiency.

Criteria: One of the basic elements of internal control is separation of incompatible accounting duties to the extent possible considering the size of the organization and the complexity of its accounting. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction or process.

Auditor's Recommendation: At this time it is not feasible for the Fort Polk Progress, Inc. to acquire additional staff due to the small size of the

Organizaion. Therefore, we propose that the Organization continue to rely on close monitoring of financial activities by its Board of Directors.

Management Response: Management acknowledges the condition as described above and will continue to rely on close monitoring of financial activities by its Board of Directors.

FORT POLK *Progress*

June 16, 2015

The Fort Polk Progress, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2014.

Name and Address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Audit period: Year ended December 31, 2014

The findings from the 2014 schedule of findings and questioned cost are discussed below. The findings are numbered consistently with the number assigned to the schedule.

INTERNAL CONTROL

2014-1 Internal Control over Financial Reporting

Condition: We have always assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process. ***This is a repeat finding from the prior year.***

Action Taken: Management acknowledges the condition as described above. Although the Fort Polk Progress's management does not actually prepare and draft the financial statements, they have the capacity and experience to understand proposed adjustments and to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles. They provide all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation. Therefore, management proposes to continue with the current arrangement for financial statement preparation.

2014-2 Segregation of Duties

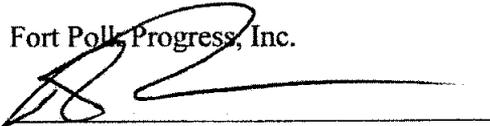
Condition: Because of the small size of the Organization, its lack of any administrative staff and its nearly total reliance on volunteers, there is a general lack of formal administrative procedures including segregation of incompatible accounting duties. ***This is a repeat finding from the prior year.***

Action Taken: Management acknowledges the condition as described above and will continue to rely on close monitoring of financial activities by its Board of Directors.

If there are any questions regarding this plan, please call me at 337-239-9555.

Respectively submitted,

Fort Polk Progress, Inc.

A handwritten signature in black ink, appearing to read "Michael Reese", is written over a horizontal line.

Michael Reese
Chairman

FORT POLK PROGRESS, INC.
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended December 31, 2014

2013-1 Internal Control over Financial Reporting

Repeated in current year findings as item 2014-1.

2013-2 Segregation of Duties

Repeated in current year findings as item 2014-1.