

**West Monroe - West Ouachita
Chamber of Commerce, Inc.**

**Financial Statements
As of and For the Years Ended
December 31, 2011 and 2010**

West Monroe - West Ouachita Chamber of Commerce, Inc.

As of and For the Years Ended
December 31, 2011 and 2010

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LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

Board of Directors

West Monroe – West Ouachita Chamber of Commerce, Inc.

We have audited the accompanying statements of financial position of the **West Monroe – West Ouachita Chamber of Commerce, Inc.** (a nonprofit organization, the Chamber) as of December 31, 2011 and 2010, 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 and the standards for 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 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, 2011 and 2010, 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 29, 2012, 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 considered in assessing the results of our audits.

Luffey, Huffman, Ragsdale & Soignier

(A Professional Accounting Corporation)

June 29, 2012

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF FINANCIAL POSITION

		December 31,	
		2011	2010
ASSETS			
Current Assets			
Cash	\$	27,789	\$ 56,882
Accounts receivable		1,020	1,050
Other current assets		1,547	1,391
Total current assets		30,356	59,323
 Property, Plant, and Equipment			
Land		42,982	42,982
Building		170,968	170,968
Equipment		34,976	33,501
Furniture and fixtures		31,538	31,538
Improvements		81,683	81,683
Total property, plant, and equipment		362,147	360,672
Less: accumulated depreciation		(227,860)	(211,363)
Net property, plant and equipment		134,287	149,309
TOTAL ASSETS		\$ 164,643	\$ 208,632
 LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$	3,891	\$ 13,430
Accrued payroll taxes and retirement payables		3,051	3,492
Deferred revenue -			
Membership dues		56,454	66,116
Short-term debt		-	7,234
Total current liabilities		63,396	90,272
Total Liabilities		63,396	90,272
 Net Assets			
Unrestricted		101,247	118,360
Total net assets		101,247	118,360
TOTAL LIABILITIES AND NET ASSETS		\$ 164,643	\$ 208,632

The accompanying notes are an integral part of these statements.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED

	December 31,	
	2011	2010
Support and Revenue		
Contributions	\$ 10,611	\$ 11,114
Special events:		
Golf tournament	8,070	9,575
Less cost of direct benefits to donors	(3,650)	(3,523)
Net revenue from special event	4,420	6,052
Contributions and net revenue from special events	15,031	17,166
Membership dues	131,923	130,723
Other income	425	9,744
Economic development	16,497	32,530
Education	18,280	19,212
Governmental affairs	725	-
Member services	11,787	8,458
Membership development	4,435	13,215
Total support and revenue	199,103	231,048
Expenses		
Program services:		
Economic development	17,231	20,298
Education	17,895	16,527
Governmental affairs	3,517	4,184
Member services	14,698	13,440
Supporting services:		
Management and general	114,710	121,351
Membership development	42,094	47,435
Fund raising	6,071	7,426
Total expenses	216,216	230,661
Increase (decrease) in net assets	(17,113)	387
Net assets at beginning of year	118,360	117,973
Net assets at end of year	\$ 101,247	\$ 118,360

The accompanying notes are an integral part of these statements.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	December 31,	
	2011	2010
Cash flow from Operating Activities:		
Increase (decrease) in net assets	\$ (17,113)	\$ 387
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	16,497	16,738
Changes in current assets and liabilities:		
Accounts receivable	30	573
Other current assets	(156)	1,269
Accounts payable	(9,539)	(12,926)
Accrued payroll taxes and retirement payable	(441)	72
Deferred revenue	(9,662)	43,144
Total Adjustments	(3,271)	48,870
Net cash provided (used) by operating activities	(20,384)	49,257
Cash flow from Investing Activities:		
Purchase of property, plant, & equipment	(1,475)	-
Net cash provided (used) by investing activities	(1,475)	-
Cash flow from Financing Activities:		
Proceeds from the issuance of short-term debt	-	6,000
Payments on short-term debt	(7,234)	(8,713)
Payments on long-term debt	-	(225)
Net cash provided (used) by financing activities	(7,234)	(2,938)
Net increase (decrease) in cash and cash equivalents	(29,093)	46,319
Cash - beginning of year	56,882	10,563
Cash - end of year	\$ 27,789	\$ 56,882

(Continued)

The accompanying notes are an integral part of these statements.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF CASH FLOWS (CONCLUDED)
FOR THE YEARS ENDED

	December 31,	
	2011	2010
Supplemental disclosures		
Noncash operating activities:		
Support and revenue:		
Contribution of accounting services	\$ 9,436	\$ 10,589
Trade-outs received for banquet sponsorships	-	5,000
Trade-outs received for membership dues	-	1,425
Total noncash support and revenue	9,436	17,014
Expenses:		
Contributed accounting services	9,436	10,589
Trade-outs for banquet sponsorships	-	5,000
Trade-outs used in fund raising	-	250
Trade-outs used in management and general	-	1,175
Total noncash expenses	9,436	17,014
Cash paid during the year for interest	\$ 279	\$ 438

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1 - Summary of Significant Accounting Policies

A. Organization

The West Monroe Chamber of Commerce, Inc. was incorporated under the laws of the State of Louisiana in March, 1956 for the purpose of providing opportunities conducive to stable economic growth to enhance the quality of life for the citizens of the area. Due to the tremendous population growth throughout western Ouachita Parish, in 1986 the Board of Directors deemed it feasible to change the name to the West Monroe – West Ouachita Chamber of Commerce, Inc. (the Chamber). The Chamber receives dues for membership principally from businesses and individuals located in the City of West Monroe, Louisiana, and western Ouachita Parish.

B. Basis of Presentation and Accounting

The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its *Audit Guide for Not-For-Profit Organizations*.

The financial statements of the Chamber are presented as recommended by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205. Under FASB ASC 958-205, the Chamber is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2011 and 2010, there were no temporarily or permanently restricted net assets.

C. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Chamber considers time deposits and certificates of deposits with an original maturity of three months or less to be cash equivalents.

D. Contributions

The Chamber has adopted FASB ASC 958-205, "Not For Profit Entities-Revenue Recognition." In accordance with FASB ASC 958-205, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

E. Property, Plant, and Equipment

The Chamber capitalizes all expenditures for property, plant, and equipment in excess

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

of \$300. Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets. Estimated useful lives are generally as follows: Buildings, 20 years; Furniture & Fixtures, 7 years; Equipment, 5-7 years; and Building Improvements, 7-10 years. Depreciation expense in 2011 and 2010 was \$16,497 and \$16,738, respectively.

F. Deferred Revenues

The Chamber recognizes amounts, both monetary and nonmonetary, received as payment for subsequent years' memberships as deferred revenue.

G. 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.

H. Net Assets

Net assets are reported as either temporarily or permanently restricted when there are limitations imposed on their use by donors. The Chamber had no restricted net assets for the years ended December 31, 2011 and 2010.

I. Functional Allocation of Expenses

Program service 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 specific functions or program services are allocated to supporting services. The direct cost 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:

Economic Development – focuses on bringing business to the western Ouachita Parish area.

Education – supports the education of the area through the Adopt-A-School program and the awarding of college scholarships.

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Governmental Affairs – focuses on state, local and federal government initiatives.

Member Services – benefits members of the Chamber by providing valuable information through newsletters and magazines. The Chamber also provides literature to newcomers to acquaint them with Ouachita Parish. This information is also available on the Chamber’s website.

Supporting services include:

Management and General – includes oversight, business management, general record keeping, budgeting and financing of the Chamber.

Membership Development – includes soliciting for prospective members and membership dues.

Fund Raising – includes the cost of the golf tournament, gala and other activities held by the Chamber.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the relevant period. Actual results could differ from the estimates. Minor reclassifications have been made to prior year financial statements to make them comparable to the current year presentation.

Note 2 - Accounts Receivable

Accounts receivable consisted of the following:

	December 31,	
	2011	2010
Membership dues	\$ -	\$ 1,050
Due from employees	1,020	-
Total	\$ 1,020	\$ 1,050

All receivables are considered to be collectible within the following fiscal year, therefore, no allowance for doubtful accounts has been established.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 3 - Line of Credit

During 2009, the Chamber opened a line of credit with a financial institution of which one of the Chamber's board members is also an officer. The borrowing limit on the line of credit is \$10,000. It carried an interest rate of 5.75% through October 2011. The line of credit was not renewed during 2011 but remains available for use at the Chamber's discretion. The line of credit is collateralized by the Chamber's furniture and fixtures. At December 31, 2011 and 2010, the outstanding balance on the line of credit was \$0 and \$7,234, respectively. Interest expense on the line of credit was \$279 for 2011 and \$438 for 2010.

Note 4 - Capital Lease

During 2007, the Chamber acquired a piece of equipment under a long-term lease. For financial reporting purposes, the present value of minimum lease payments, discounted at 8.25%, was capitalized. The lease expired on February 10, 2010 at which time the Chamber retained the equipment.

Note 5 - Related Party Transactions

During 2011 and 2010, the Chamber maintained funds in and engaged in short-term borrowing from a financial institution, of which a member of the Chamber's Board of Directors is also an officer. As of December 31, 2011 and 2010, the Chamber had cash balances of \$27,644 and \$56,702, respectively, and short-term debt of \$0 and \$7,234, respectively, with this institution.

In addition, during 2007, the Chamber began selling advertising space in its' monthly newsletter. Advertising income of \$0 and \$1,150 was received from businesses owned or managed by members of the Board of Directors during 2011 and 2010, respectively.

Also, the Chamber received a \$1,000 contribution from a business owned by a member of the Board of Directors used for developing the Chamber's new website.

Note 6 - Employee Benefit Plan

During 2006, the Chamber established a Savings Incentive Match Plan for Employees (SIMPLE) IRA. All employees expected to make at least \$5,000 during the year are eligible. Employees may contribute to the plan, at their discretion, up to the amount of their total earnings for the year. The Chamber contributes 2% of each eligible employee's compensation to the plan. The Chamber's contributions for 2011 and 2010 were \$2,074 and \$2,346, respectively.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 7 - In-Kind Services and Materials

Contribution of services, which are recognized when they are received if the services (a) enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During 2011 and 2010, the value of contributed accounting services recognized as revenue and Management and General expenses in the accompanying Statement of Activities was \$9,436 and \$10,589, respectively.

In-kind contributions consisted of donated material and supplies to be used by the Chamber in its fund raising activities. The estimated fair value of these donations was \$0 and \$5,000 for the years ended December 31, 2011 and 2010, respectively, and they are reflected in the accompanying Statements of Activities.

Note 8 - Supporting Services

Management and General expenses consisted of the following for 2011 and 2010:

	2011	2010
Salaries and employee benefits	\$ 44,990	\$ 49,323
Advertising	2,908	1,888
Automobile expense	3,697	2,969
Bank charges	180	-
Building expenses	1,273	2,447
Conference fees	110	-
Depreciation	16,497	16,738
Dues and subscriptions	1,507	2,055
Equipment maintenance	772	230
Equipment rental	1,336	1,954
Insurance	3,795	3,730
Interest expense	279	438
Meetings	124	888
Office expense	7,770	7,360
Postage	1,344	1,871
Printing and reproduction	397	967
Professional fees	15,936	17,089
Telephone	2,370	4,454
Travel and entertainment	1,880	48
Utilities	6,349	6,306
Website development	1,196	-
Other	-	596
Total	<u>\$ 114,710</u>	<u>\$ 121,351</u>

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Membership development expenses consisted of the following for 2011 and 2010, respectively:

	2011	2010
Salaries and benefits	\$ 37,190	\$ 39,588
Banquet expenses	2,579	6,660
Diplomats expenses	1,144	1,082
Other	1,181	105
Total	\$ 42,094	\$ 47,435

Fund raising expenses consisted of salaries and wages of \$6,071 and \$7,426 for 2011 and 2010, respectively.

Note 9 - Operating Leases

The Chamber leases certain equipment under the terms of a sixty-six month agreement. Rental expenses for 2011 and 2010 totaled \$1,336 and \$1,954, respectively.

Note 10 – Subsequent Events

Management has evaluated subsequent events through June 29, 2012 and determined that no significant events have occurred that require disclosure in the financial statements. June 29, 2012 is the date that the financial statements were available to be issued.

**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

West Monroe – West Ouachita Chamber of Commerce, Inc.

We have audited the financial statements of the **West Monroe – West Ouachita Chamber of Commerce, Inc.** (a nonprofit organization, the Chamber) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 29, 2012. We conducted our audit 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.

Internal Control over Financial Reporting

Management of the Chamber is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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

**Board of Directors
West Monroe – West Ouachita
Chamber of Commerce, Inc.**

deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entities financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item 11-01 in the accompanying schedule of findings 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 11-01.

The Chamber's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Chamber's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the West Monroe – West Ouachita Chamber of Commerce, Inc., the Board of Directors, 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 Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Suffey, Huffman, Reynolds, & Simpson

(A Professional Accounting Corporation)

June 29, 2012

WEST MONROE – WEST OUACHITA CHAMBER OF COMMERCE, INC.
SCHEDULE OF FINDINGS
DECEMBER 31, 2011

The following is the status of findings included in Luffey, Huffman, Ragsdale & Soignier's, (A Professional Accounting Corporation) audit report dated June 29, 2012 on the financial statements of the Chamber as of and for the year ended December 31, 2011.

11-01 Internal Controls Deficiencies

Finding:

During 2011, an employee of the West Monroe – West Ouachita Chamber of Commerce, Inc. (the Chamber) used a Chamber credit card to make unauthorized fuel purchases. This is a violation of Chamber policy which requires employees to maintain a mileage log and submit a request for reimbursement. In addition, the same employee used the credit card for personal expenses of approximately \$1,000 during 2011 which were not reimbursed in a timely manner. Review of the credit card statements did not reveal evidence of invoices supporting the charges or supervisory approval prior to payment of the credit card balance. The failure to properly maintain control procedures over credit card use results in misappropriation of Chamber assets.

Recommendation:

We recommend that a member of the Board of Directors review credit card transactions on a monthly basis to ensure that all charges are pertinent to Chamber activities and in line with Chamber policies. We further recommend that this Board member initial and date the credit card statements as a sign of authorization prior to their payment.

Management's Corrective Action Plan:

The West Monroe West Ouachita Chamber Board admits that there were unauthorized purchases made by the previous Chamber President. The board had an internal policy in place that mandated the President submit a monthly expense report to the Chairman and/or the Secretary-Treasurer and maintain a mileage log. Once the unauthorized charges were found, the policy and procedures for employee expense was re-examined and now a two (2) board member expense report review is in place. In addition, only the board Chairman has a corporate card and the credit limit was reduced to \$500. Once a new President is chosen, the board will consider issuing a new card, but only after a thorough background investigation is completed and a credit report reviewed.