

Chamber of Southwest Louisiana
FINANCIAL STATEMENTS AND
AUDITORS' REPORT

December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Chamber of Southwest Louisiana
Lake Charles, Louisiana

We have audited the accompanying combined statement of assets, liabilities, and net assets - cash basis of the Chamber of Southwest Louisiana, the Southwest Louisiana Partnership for Economic Development, and the Southwest Louisiana Alliance Foundation, Inc. (the Chamber) (nonprofit organizations) as of December 31, 2012, and the related combined statements of revenue, expenses, and other changes in net assets - cash basis and combined statement of functional expenses - cash basis for the year 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 the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 combined assets, liabilities, and net assets of the Chamber, as of December 31, 2012, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining financial statements listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Chamber. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Chamber's 2011 financial statements, and our report dated June 28, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Lake Charles, Louisiana

June 27, 2013

The Chamber of Southwest Louisiana
COMBINED STATEMENT OF ASSETS,
LIABILITIES, AND NET ASSETS - CASH BASIS
December 31, 2012 and 2011

	ASSETS	
	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,162,107.84	\$ 1,161,001.12
Total Current Assets	<u>1,162,107.84</u>	<u>1,161,001.12</u>
RESTRICTED CASH	39,301.25	-
PROPERTY AND EQUIPMENT		
Furniture, fixtures, and equipment	211,085.10	211,085.10
Hardware and software	13,582.55	13,582.55
Accumulated depreciation	<u>(212,479.96)</u>	<u>(204,076.00)</u>
Net Property and Equipment	12,187.69	20,591.65
TOTAL ASSETS	<u>\$ 1,213,596.78</u>	<u>\$ 1,181,592.77</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll liabilities	\$ 11,012.81	\$ 12,912.69
Due to Fusion Five	<u>-</u>	<u>5,826.62</u>
Total Current Liabilities	11,012.81	18,739.31
Total Liabilities	11,012.81	18,739.31
NET ASSETS		
Unrestricted	1,149,223.48	1,162,853.46
Temporarily restricted	<u>53,360.49</u>	<u>-</u>
Total Net Assets	1,202,583.97	1,162,853.46
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,213,596.78</u>	<u>\$ 1,181,592.77</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
COMBINED STATEMENT OF REVNUUE, EXPENSES,
AND OTHER CHANGES IN NET ASSETS - CASH BASIS
For the Year Ended December 31, 2012
With Comparative Totals for the Year ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012</u>	<u>Total 2011</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Membership dues	\$ 478,589.33	\$ -	\$ 478,589.33	\$ 459,437.70
SWLA on the Move campaign	735,879.00	-	735,879.00	689,239.00
Programs	526,319.71	-	526,319.71	487,869.51
Rental income	7,050.00	-	7,050.00	71,109.46
Contributions and donations	5,000.00	-	5,000.00	-
Grants	-	256,109.42	256,109.42	262,726.03
Interest income	843.20	-	843.20	428.77
Gain on sale of fixed assets	-	-	-	784,975.28
Net assets released from restriction	<u>202,748.93</u>	<u>(202,748.93)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	1,956,430.17	53,360.49	2,009,790.66	2,755,785.75
EXPENSES				
Program	1,835,286.50	-	1,835,286.50	2,911,482.28
Management and general	106,553.32	-	106,553.32	114,499.50
Fundraising	<u>28,220.33</u>	<u>-</u>	<u>28,220.33</u>	<u>28,037.03</u>
TOTAL EXPENSES	<u>1,970,060.15</u>	<u>-</u>	<u>1,970,060.15</u>	<u>3,054,018.81</u>
Change in Net Assets	(13,629.98)	53,360.49	39,730.51	(298,233.06)
Net Assets at Beginning of Year - Cash Basis	<u>1,162,853.46</u>	<u>-</u>	<u>1,162,853.46</u>	<u>1,461,086.52</u>
Net Assets at End of Year - Cash Basis	<u>\$ 1,149,223.48</u>	<u>\$ 53,360.49</u>	<u>\$ 1,202,583.97</u>	<u>\$ 1,162,853.46</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
COMBINED STATEMENT OF
FUNCTIONAL EXPENSES - CASH BASIS
For the Year Ended December 31, 2012
With Comparative Totals for the Year Ended December 31, 2011

	<u>Program</u>	<u>Management & General</u>		<u>Fundraising</u>	<u>Total</u>	
					<u>2012</u>	<u>2011</u>
Advertising	\$ 205,758.11	\$ -	\$ -	\$ -	\$ 205,758.11	\$ 237,556.08
Auto	30,414.06	3,379.34	-	-	33,793.40	26,413.79
Depreciation	8,403.96	-	-	-	8,403.96	54,585.30
Dues and subscriptions	14,012.62	-	-	-	14,012.62	23,807.19
Education	22,168.83	-	-	-	22,168.83	12,665.65
Employee benefits	64,687.63	8,653.96	2,729.61	-	76,071.20	68,394.01
Insurance	13,194.66	1,466.07	-	-	14,660.73	32,009.66
Miscellaneous	3,062.45	-	-	-	3,062.45	4,663.37
Office	54,199.67	6,022.19	-	-	60,221.86	70,349.09
Outside services	8,112.55	-	-	-	8,112.55	13,886.28
Payroll taxes	40,053.83	5,358.43	1,690.14	-	47,102.40	56,521.66
Printing and reproduction	1,802.56	200.29	-	-	2,002.85	3,306.64
Professional fees	37,435.50	4,159.50	-	-	41,595.00	46,026.92
Program expenses	676,161.60	-	-	-	676,161.60	499,799.21
Rent	35,519.00	-	-	-	35,519.00	8,007.50
Repairs and maintenance	14,528.28	-	-	-	14,528.28	49,887.93
Salaries	564,037.21	75,457.30	23,800.58	-	663,295.09	740,167.83
SEED Center support	8,100.00	-	-	-	8,100.00	1,008,558.80
Travel	16,927.82	-	-	-	16,927.82	42,859.52
Utilities and telephone	16,706.16	1,856.24	-	-	18,562.40	54,552.38
	<u>\$1,835,286.50</u>	<u>\$106,553.32</u>	<u>\$28,220.33</u>	<u>\$ -</u>	<u>\$1,970,060.15</u>	<u>\$3,054,018.81</u>

See notes to the combined financial statements

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying financial statements reflect the combined financial statements of the Chamber of Southwest Louisiana (the Chamber) and all related entities as described below. The nominating committee of the Chamber elects the board of directors of the Chamber. The board of directors for the Southwest Louisiana Alliance Foundation, Inc. includes Chamber board of directors along with other elected officials. The Partnership board of directors is comprised of three appointed members by each police jury in the district and the mayors of all incorporated municipalities within the district. The Chamber and the other entities share a common Executive Director, facilities, and personnel. Material interorganization transactions and balances have been eliminated.

Nature of Activities

The combined financial statements include the accounts of the Chamber of Southwest Louisiana, the Southwest Louisiana Economic Development Alliance, and the Southwest Louisiana Partnership for Economic Development, Inc.

The Chamber of Southwest Louisiana, a nonprofit organization incorporated under the laws of the State of Louisiana, is exempt from federal income tax under section 501(c) 6 of the Internal Revenue Code. The Chamber's primary activity is acquiring members to promote ongoing regional development to cultivate a higher quality of life for all citizens. The Southwest Louisiana economic region served by the Chamber includes the parishes of: Calcasieu, Cameron, Beauregard, Allen and Jefferson Davis.

Southwest Louisiana Alliance Foundation, Inc., a nonprofit organization incorporated under the laws of the State of Louisiana, is exempt from federal income tax under Section 501(c) 3 of the Internal Revenue Code. The Alliance's primary activity is promoting the SWLA on the Move Campaign to further the economic welfare and development of the Southwest Louisiana region. It is an affiliate of the Chamber SWLA and is designed to supplement the industrial, business, and commercial development activities of that organization.

Southwest Louisiana Partnership for Economic Development, Inc., a nonprofit organization incorporated under the laws of the State of Louisiana, is exempt from federal income tax under section 501(c) 6 of the Internal Revenue Code. The Partnership's primary activity is acquiring Louisiana Economic Development grants to stimulate economic growth, quality of life, and job creation in the surrounding five parish area.

Basis of accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting, which is a basis of accounting other than United States Generally Accepted Accounting Principles (U. S. GAAP). Under U. S. GAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis, revenues are recognized when cash is received rather than earned, and expenses and purchase of assets are recognized when cash is disbursed rather than when the obligation is incurred.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial statement presentation

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Organization also prepares financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections. Under FASB ASC 958-205, the Organization 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.

Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets consist of donor-restricted contributions. Amounts restricted by the donor, grantor or other outside party for a particular purpose are recognized as revenue when received and such amounts are reported as temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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.

Permanently restricted net assets are those 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 any related investments for general or specific purposes*. Currently, the Chamber does not have any permanently restricted assets.

Use of estimates

The preparation of financial statements for the Chamber requires the use of management's 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash includes cash on hand, demand deposits, and all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The Chamber's financial instruments, none of which are held for trading purposes, include cash. The Chamber estimates that the fair value of all financial instruments at December 31, 2012, does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying Statement of Assets, Liabilities, and Net Assets – Cash Basis.

Advertising Costs

The Organization uses advertising to promote Southwest Louisiana in order to increase economic growth and quality of life for the region. Advertising costs are charged to operations when incurred. Total advertising cost for the year ended December 31, 2012 amounted to \$205,758.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and equipment

It is the Chamber's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless restricted by the donor. Assets donated with explicit restrictions regarding their use, as well as contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. The Chamber reclassifies these restricted assets to unrestricted assets at such time that the purpose or time restriction is satisfied. Property and equipment are depreciated using the straight-line method with the following useful lives:

Buildings	30-40 years
Furniture, fixtures, and equipment	3-7 years
Improvements	7-15 years

Depreciation expense for the year ending December 31, 2012 was \$8,404.

Contributed services

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Compensated Absences

Vacation, compensation time, and sick leave are recorded as expenditures of the period in which they are paid. Employees can carry over no more than 40 hours of paid time off from one calendar year to the next and can accrue no more than 80 hours unused leave in any three year period of service. Upon termination of employment, the employee will be paid for any unused paid time off. Employees are able to accrue 24 hours of unused sick leave from one calendar year to the next. However, there will be no payment of unused sick leave upon separation of employment.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2012

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2012:

	<u>Balance</u> <u>12/31/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/12</u>
Furniture, Fixtures, and Equipment	211,085	-	-	211,085
Hardware and Software	<u>13,583</u>	<u>-</u>	<u>-</u>	<u>13,583</u>
Total	224,668	-	-	224,668
Accumulated Depreciation	<u>(204,076)</u>	<u>(8,404)</u>	<u>-</u>	<u>(212,480)</u>
Net Book Value	<u>\$ 20,592</u>	<u>\$(8,404)</u>	<u>\$ -</u>	<u>\$ 12,188</u>

NOTE C- COMMITMENTS AND CONTINGENCIES

SEED Center

On June 28, 2010, the Organization entered into The Southwest Louisiana Entrepreneurial and Economic Development Center (SEED) Partnership with the Calcasieu Parish Police Jury, the City of Lake Charles, and the University of Louisiana System through McNeese State University for the construction of a new building. The SEED Center will be a multi-story building approximately 50,000 square feet in size with a total projected budget of \$13,037,500.

The projected funding for the SEED Center is as follows:

Community Development Block Grant-Disaster Recovery	\$7,000,000
U.S. Economic Development Administration	3,900,000
Appropriation from U.S. Senator Mary Landrieu	137,500
Calcasieu Parish Police Jury	500,000
City of Lake Charles	500,000
The Chamber	<u>1,000,000</u>
Project Budget	<u>\$13,037,500</u>

The Chamber provided \$1,000,000 in funding for the new building in 2011 after the sale of their building. This was reported as an expense for the year ended December 31, 2011, and was included in SEED Center support. Upon completion of the SEED center, McNeese State University will become sole owner of the SEED Center and will lease a discrete portion of the SEED center to the Chamber. The Chamber will pay monthly rent to McNeese State University with the amount adjusted on an annual basis. Minimum annual rent beginning the effective date of the lease is \$33,755. Management anticipates a move-in date of August 1, 2013.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2012

NOTE D - OPERATING LEASES

The Chamber entered into a lease agreement with the Calcasieu Parish Police Jury for office space that expired December 31, 2012. The lease was renewed on a month-to-month basis until completion of the new SEED Center.

NOTE E – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash accounts in commercial banks. From December 31, 2010 through December 31, 2012, at all FDIC-insured institutions, deposits held in noninterest-bearing transaction accounts will be fully insured regardless of the amount in the account. Balances not insured by FDIC coverage at December 31, 2012 were \$676.

The Organization receives a substantial amount of its support from governmental agencies and membership dues. A significant reduction in this support, if it were to occur, would affect the Chamber's programs and activities.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Fusion Five	\$12,045
Leader in Me	36,565
Periods after December 31, 2012	<u>4,750</u>
Total Temporary Restricted Net Assets	<u>\$53,360</u>

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the restricted purposes or time restrictions specified by donors/grantors. The total amount released from restrictions during the year ending December 31, 2012 was \$251,359.

NOTE G – BOARD DESIGNATED FUNDS

In November 2011, the Board of Directors approved the establishment of a board designated fund. The purpose of the fund is to segregate \$400,000 from the sale of the building. There is no legal restriction requiring this, however it does require that the use of the funds will be decided by the Board of Directors. Another \$90,000 from the sale of the building has been designated for new furnishing and the move to the SEED Center.

NOTE H – FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and supporting services have been summarized on a functional basis in the combined statement of functional expenses – cash basis. This requires the allocation of certain cost between programs and supporting services based on estimates made by management.

The Chamber of Southwest Louisiana
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2012

NOTE I- RETIREMENT PLAN

During the year ended December 31, 2012 the Organization made available to eligible employees the opportunity to participate in a defined contribution retirement plan. The Organization matches employee contributions up to 5% of employee compensation. Retirement expense for the year ended December 31, 2012 was \$12,393.

NOTE J – RENTAL INCOME

As part of the Business Incubator Program, the Partnership is responsible for leasing out space to small businesses and providing specific assistance needed to help them grow into larger, more profitable businesses. Rent collected in 2012 in connection with this program was \$7,050. Space for the program is leased from the Calcasieu Parish Police Jury. Lease payments paid for this program are half of the rental income collected.

NOTE K – DUE TO FUSION FIVE

The Southwest Louisiana Young Professional's Organization known as Fusion Five, is an organization of and for young professionals changing the social and economic landscape of Southwest Louisiana. The Chamber acts as the fiscal agent for the organization. Prior to 2012, deposits were recorded as an increase in amounts due to Fusion Five and disbursements were recorded as a decrease in amounts due to Fusion Five. The organizational structure of Fusion Five gives the Chamber oversight of the organization; therefore management has determined that Fusion Five activity should be treated as an activity of the Chamber. Fusion Five receipts are included in program income and disbursements are included in program expenses.

NOTE L – PRIOR PERIOD INFORMATION

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Chamber's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

NOTE M – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2013, the date when the financial statements were available to be issued.

The Chamber of Southwest Louisiana
 COMBINING STATEMENTS OF ASSETS,
 LIABILITIES, AND NET ASSETS - CASH BASIS
 December 31, 2012

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 588,569.87	\$ 531,216.42	\$ 42,321.55	\$ -	\$ 1,162,107.84
Due from affiliates					
Southwest LA Alliance Foundation, Inc.	74,231.03	-	-	(74,231.03)	-
Southwest LA Partnership	11,851.81	500.00	-	(12,351.81)	-
Restricted cash	-	36,565.35	2,735.90	-	39,301.25
Property and equipment					
Furniture, fixtures, and equipment	35,631.14	154,053.52	21,400.44	-	211,085.10
Hardware/software	13,582.55	-	-	-	13,582.55
Accumulated depreciation	(44,352.00)	(148,709.00)	(19,418.96)	-	(212,479.96)
	<u>4,861.69</u>	<u>5,344.52</u>	<u>1,981.48</u>	-	<u>12,187.69</u>
TOTAL ASSETS	<u>\$ 679,514.40</u>	<u>\$ 573,626.29</u>	<u>\$ 47,038.93</u>	<u>\$ (86,582.84)</u>	<u>\$ 1,213,596.78</u>

The Chamber of Southwest Louisiana
**COMBINING STATEMENTS OF ASSETS,
 LIABILITIES, AND NET ASSETS - CASH BASIS**
 December 31, 2012

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
LIABILITIES					
Payroll liabilities	\$ 11,012.81	\$ -	\$ -	\$ -	\$ 11,012.81
Due to affiliates					
Southwest LA Alliance Foundation, Inc.	-	-	500.00	(500.00)	-
The Chamber of Southwest LA	-	74,231.03	11,851.81	(86,082.84)	-
Total Liabilities	<u>11,012.81</u>	<u>74,231.03</u>	<u>12,351.81</u>	<u>(86,582.84)</u>	<u>11,012.81</u>
NET ASSETS					
Unrestricted	656,456.77	460,815.49	31,951.22	-	1,149,223.48
Temporarily restricted	<u>12,044.82</u>	<u>38,579.77</u>	<u>2,735.90</u>	-	<u>53,360.49</u>
Total Net Assets	<u>668,501.59</u>	<u>499,395.26</u>	<u>34,687.12</u>	-	<u>1,202,583.97</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 679,514.40</u>	<u>\$ 573,626.29</u>	<u>\$ 47,038.93</u>	<u>\$ (86,582.84)</u>	<u>\$ 1,213,596.78</u>

See Independent Auditors' Report

The Chamber of Southwest Louisiana
**COMBINING STATEMENTS OF REVENUES, EXPENSES,
 AND OTHER CHANGES IN NET ASSETS - CASH BASIS**
 For the year ended December 31, 2012

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
REVENUES					
Membership dues	\$ 478,589.33	\$ -	\$ -	\$ -	\$ 478,589.33
SWLA on the Move campaign Programs	-	735,879.00	-	-	735,879.00
Rental income	306,373.43	219,946.28	-	-	526,319.71
Contributions and donations	-	-	7,050.00	-	7,050.00
Grants	10,000.00	78,020.21	5,000.00	-	5,000.00
Interest income	840.93	2.27	178,089.21	(10,000.00)	256,109.42
Total revenues	<u>795,803.69</u>	<u>1,033,847.76</u>	<u>190,139.21</u>	<u>(10,000.00)</u>	<u>2,009,790.66</u>
EXPENSES					
Total expenses	<u>728,960.40</u>	<u>1,031,592.90</u>	<u>219,506.85</u>	<u>(10,000.00)</u>	<u>1,970,060.15</u>
Change in net assets	66,843.29	2,254.86	(29,367.64)	-	39,730.51
Net assets at beginning of year - Cash Basis	<u>601,658.30</u>	<u>497,140.40</u>	<u>64,054.76</u>	<u>-</u>	<u>1,162,853.46</u>
Net assets at end of year - Cash Basis	<u>\$ 668,501.59</u>	<u>\$ 499,395.26</u>	<u>\$ 34,687.12</u>	<u>\$ -</u>	<u>\$ 1,202,583.97</u>

The Chamber of Southwest Louisiana
COMBINING STATEMENTS OF EXPENSES - CASH BASIS
 For the year ended December 31, 2012

	The Chamber of Southwest LA	Southwest LA Alliance Foundation, Inc.	Southwest LA Partnership for Economic Development, Inc.	Eliminations	Total
Advertising	\$ 32,950.09	\$ 39,031.02	\$ 133,777.00	\$ -	\$ 205,758.11
Auto	14,542.87	19,250.53	-	-	33,793.40
Depreciation	2,179.00	5,432.00	792.96	-	8,403.96
Dues and subscriptions	8,081.50	4,612.08	1,319.04	-	14,012.62
Education	17,749.42	4,419.41	-	-	22,168.83
Employee benefits	30,093.44	45,977.76	-	-	76,071.20
Insurance	8,143.34	6,517.39	-	-	14,660.73
Miscellaneous	1,137.57	1,389.88	535.00	-	3,062.45
Office	34,177.95	25,452.79	591.12	-	60,221.86
Outside service	150.00	5,946.92	2,015.63	-	8,112.55
Payroll taxes	20,461.83	26,640.57	-	-	47,102.40
Printing and reproduction	98.00	1,904.85	-	-	2,002.85
Professional fees	17,440.00	15,160.00	8,995.00	-	41,595.00
Program expenses	235,366.73	388,250.72	62,544.15	(10,000.00)	676,161.60
Rent	15,697.00	15,697.00	4,125.00	-	35,519.00
Repairs and maintenance	6,180.90	8,347.38	-	-	14,528.28
Salaries	268,404.36	394,890.73	-	-	663,295.09
SEED Center support	-	8,100.00	-	-	8,100.00
Travel	7,406.99	7,414.57	2,106.26	-	16,927.82
Utilities & telephone	8,699.41	7,157.30	2,705.69	-	18,562.40
	<u>\$ 728,960.40</u>	<u>\$ 1,031,592.90</u>	<u>\$ 219,506.85</u>	<u>\$ (10,000.00)</u>	<u>\$ 1,970,060.15</u>

See Independent Auditors' Report

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*

To the Board of Directors
Chamber of Southwest Louisiana
Lake Charles, Louisiana

We have audited, 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, the combined financial statements of the Chamber of Southwest Louisiana, the Southwest Louisiana Partnership for Economic Development, and the Southwest Louisiana Alliance Foundation, Inc. (the Chamber) (nonprofit organizations), which comprise the combined statement of assets, liabilities, and net assets - cash basis as of December 31, 2012, and the related combined statements of revenue, expenses, and other changes in net assets - cash basis and combined statement of functional expenses - cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated June 27, 2013.

Internal Control Over Financial Reporting

In *planning and performing* our audit of the 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 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 of 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 the internal control over financial reporting 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control, listed as 2012-1.

Compliance and Other Matters

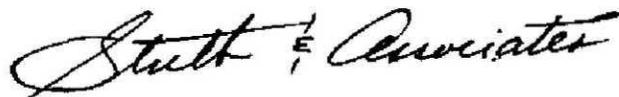
As part of obtaining reasonable assurance about whether the Chamber's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Chamber's Response to Findings

The Chamber's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Chamber's response 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 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.



Lake Charles, Louisiana
June 27, 2013

Chamber of Southwest Louisiana
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

Section I – Summary of Auditors' Results
December 31, 2012

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? ___yes _X_no

- Significant Deficiency(ies) identified that are
not considered to be material weaknesses? _X_yes ___no

- Noncompliance material to financial
statements noted? ___yes _X_no

Section II – Financial Statement Findings

2012-1

Criteria: The Organization uses a membership database to record membership data and transactions.

Condition: The membership database used by the Organization does not interface with the accounting software. Transactions are posted to the general ledger from database reports. Although the reports are useful in recording daily transactions, it is difficult to obtain summarized reports that reconcile to the general ledger.

Effect: In order to provide accurate data for month end posting, the Organization had to supplement membership data reports with manually prepared schedules.

Recommendation: To provide more efficient and meaningful reporting, the membership database should interface with the accounting software or the data could be entered directly in the accounting software using the accounts receivable module.

Response: The Organization has purchased software that interfaces with the accounting software and plans are in place to implement the software.

Chamber of Southwest Louisiana
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

Section III – Summary Schedule of Prior Audit Findings

2011-1

Criteria: The Organization uses a membership database to record membership data and transactions.

Condition: The membership database used by the Organization does not interface with the accounting software. Transactions are posted to the general ledger from database reports. Although the reports are useful in recording daily transactions, it is difficult to obtain summarized reports that reconcile to the general ledger.

Effect: In order to provide accurate data for month end posting, the Organization had to supplement membership data reports with manually prepared schedules.

Recommendation: To provide more efficient and meaningful reporting, the membership database should interface with the accounting software or the data could be entered directly in the accounting software using the accounts receivable module.

Response: The Organization has purchased software that interfaces with the accounting software and plans are in place to implement the software.