

RECEIVED  
LEGISLATIVE AUDITOR  
~~BOARD OF 01 APR 2000 11:32~~

DO NOT REMOVE OUT  
(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

RECEIVED

MAY 01 2000

## Monroe Chamber of Commerce, Inc.

Financial Statements  
Years Ended December 31, 1999 and 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 03 2000

# Monroe Chamber of Commerce, Inc.

December 31, 1999 and 1998

## Table of Contents

---

	<u>Page</u>
Independent Auditors' Report -----	1
Statements of Financial Position -----	2
Statements of Activities -----	3
Statements of Cash Flows -----	5
Notes to Financial Statements -----	6
Schedule 1 - Schedule of Agri-Business	
Council Activities -----	12
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards-----	14

---



John L. Luffey, MBA, CPA  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Atteberry, CPA  
Carolyn A. Clarke, CPA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the **Monroe Chamber of Commerce, Inc.** (the Chamber) as of December 31, 1999 and 1998, 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 generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Government Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. 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 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, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2000 on our consideration of the Chamber's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Agri-Business Council Activities on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

(A Professional Accounting Corporation)

March 21, 2000

(318) 387-2672 FAX (318) 322-8866  
1100 N 18<sup>th</sup> ST • PO Box 4745 • Monroe LA 71211-4745  
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

	<b>December 31</b>	
	<b>1999</b>	<b>1998</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 254,409	\$ 304,577
Membership Dues Receivable	7,794	2,948
Other Receivables	224,204	153,532
Total Current Assets	486,407	461,057
<b>Property and Equipment</b>		
Office Furniture and Fixtures	188,905	178,815
Leasehold Improvements	9,583	9,583
Total Property and Equipment	198,488	188,398
Less: Accumulated Depreciation and Amortization	(139,996)	(117,583)
Net Property and Equipment	58,492	70,815
<b>Other Assets</b>		
Security Deposit	2,178	2,178
Prepaid Expenses	11,336	13,547
Total Other Assets	13,514	15,725
<b>TOTAL ASSETS</b>	\$ 558,413	\$ 547,597

The accompanying notes are an integral part of these statements.

	<b>December 31</b>	
	<u>1999</u>	<u>1998</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Deferred Revenue (Note 2):		
Membership Dues	\$ 138,202	\$ 96,557
Other	176,909	212,252
Accounts Payable	24,072	82,252
Accrued Salaries and Payroll Taxes	18,003	3,599
Total Current Liabilities	<u>357,186</u>	<u>394,660</u>
<b>Net Assets</b>		
<b>Unrestricted:</b>		
Undesignated	155,382	67,714
Designated for Northeast Louisiana Agri-Business Council	34,215	59,656
<b>Temporarily Restricted:</b>		
Agribusiness Council	-	19,400
Leadership Division	11,630	6,167
Total Net Assets	<u>201,227</u>	<u>152,937</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 558,413</u>	<u>\$ 547,597</u>

**MONROE CHAMBER OF COMMERCE, INC.**  
**STATEMENTS OF ACTIVITIES**

	<b>Years Ended December 31,</b>	
	<b>1999</b>	<b>1998</b>
<b>Changes in Unrestricted Net Assets</b>		
Support		
Membership Dues	\$ 288,406	\$ 276,948
Agri-Business Council	66,043	54,399
Communications Division	64,708	58,625
Community Development Division	1,300	3,500
Economic Development Division	37,654	117,144
Education Division	273,864	5,115
Government Affairs Division	134,739	96,580
Government Relations Division	94,518	74,726
Leadership Division	74,857	42,428
Membership Division	115,009	90,258
Technology Division	6,307	26,805
Investment Income	3,012	3,412
Other	12,588	19,203
Total Unrestricted Support	1,173,005	869,143
Net Assets Released From Time Restrictions	25,567	37,723
Total Unrestricted Support and Reclassifications	1,198,572	906,866
<b>Expenses</b>		
Program Services:		
Agri-Business Council	110,884	91,604
Communications Division	25,332	29,119
Community Development Division	736	1,497
Economic Development Division	14,008	41,429
Education Division	184,409	2,898
Government Affairs Division	28,162	24,809
Government Relations Division	92,259	74,726
Leadership Division	25,287	28,010
Membership Division	44,055	45,538
Telecommunications Division	-	18,690
Allocated Overhead (Note 3)	397,054	347,333
Total Program Services Expenses	922,186	705,653
Supporting Services:		
General Administration (Note 4)	214,159	219,828
Total Expenses	1,136,345	925,481
<b>Increase (Decrease) in Unrestricted Net Assets</b>	62,227	(18,615)

(Continued)

**MONROE CHAMBER OF COMMERCE, INC.  
STATEMENTS OF ACTIVITIES (CONCLUDED)**

	<u>Years Ended December 31,</u>	
	<u>1999</u>	<u>1998</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Leadership Division	11,630	6,167
Agribusiness Council	(19,400)	19,400
Net Assets Released from Time Restrictions	<u>(6,167)</u>	<u>(37,723)</u>
<b>Decrease in Temporarily Restricted Net Assets</b>	<u>(13,937)</u>	<u>(12,156)</u>
<b>Increase (Decrease) in Net Assets</b>	48,290	(30,771)
<b>Net Assets at Beginning of Year</b>	<u>152,937</u>	<u>183,708</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 201,227</u>	<u>\$ 152,937</u>

The accompanying notes are an integral part of these statements.



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

	<b>Years Ended December 31,</b>	
	<b>1999</b>	<b>1998</b>
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ 48,290	\$ (30,771)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	22,417	19,368
<i>Changes in Assets and Liabilities:</i>		
Membership Dues Receivable	(4,846)	84,985
Other Receivables	(70,672)	(43,106)
Prepaid and Other Assets	2,211	(11,509)
Deferred Revenue	6,302	73,724
Accounts Payable	(58,180)	37,580
Taxes Payable	14,404	(1,657)
Total Adjustments	(88,364)	159,385
Net Cash Provided (Used) by Operating Activities	(40,074)	128,614
 <b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	(10,090)	(29,068)
Net Cash Used by Investing Activities	(10,090)	(29,068)
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(50,164)	99,546
 <b>Cash and Cash Equivalents at Beginning of Year</b>	304,573	205,027
 <b>Cash and Cash Equivalents at End of Year</b>	\$ 254,409	\$ 304,573
 <b>Supplemental Disclosures:</b>		
Cash Paid During the Year for:		
Interest	\$ 1,494	\$ 1,393
Income Taxes	\$ 5,704	\$ 1,767

The accompanying notes are an integral part of these statements.



**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1999 AND 1998**

**Note 1 - Summary of Significant Accounting Policies**

***Organization***

The Monroe Chamber of Commerce, Inc. (the Chamber) was incorporated under the laws of the State of Louisiana in September 1947, for the purpose of advancing the civic, commercial, economic, industrial and agricultural interests of the City of Monroe, the Parish of Ouachita and the surrounding trade area; the promotion of the general welfare, health and cultural well-being within that territory; and the stimulation of public sentiment toward those ends. The Chamber receives dues for membership principally from businesses and individuals located in the City of Monroe, Louisiana, and Ouachita Parish.

***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.

***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.

***Property and Equipment***

Property and equipment are recorded at cost. Expenditures greater than \$500 for additions, major renewals and betterments are capitalized. All other expenditures are expensed as incurred. The cost of assets retired or otherwise removed and the related accumulated depreciation are eliminated from the accounts in the year of removal, with the resulting gain or loss credited or charged to operations. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets ranging from five to twenty years for the office furniture and equipment and leasehold improvements, respectively.

Through the Total Resource Campaign the Chamber obtained the use of a vehicle. The agreement for the use of the vehicle is open-ended and provides for the Chamber to provide adequate insurance coverage and cover regular maintenance and operating costs. No value for this vehicle is included in property and equipment but the fair value of its use

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1999 AND 1998**

is included in contributions and in vehicle lease expense. This value is estimated to be \$500 per month.

***Deferred Revenue***

Receivables for membership dues are recorded when billed to members. Specific receivables are normally written off as uncollectible when 90 days past due. Revenue from memberships is deferred and recognized in the statement of activities on a straight-line basis over the term of the membership.

Other deferred revenue consists of commitments received prior to year end from various sources for programs or functions to be held in the following year. These deferred revenues and related expenses are recognized as the programs or functions are held.

***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 paid in December for sick leave not taken by year end. Accordingly, no accrual for unpaid leave time is included in the financial statements.

***Net Assets***

The unrestricted-undesignated net assets represent the surplus accumulated over several years through normal operations of the Chamber. Income from restricted sources which is received during the fiscal year and the restrictions are satisfied within the same fiscal year, is represented in the changes in unrestricted net assets.

The unrestricted-designated net assets represent the surplus built up over several years resulting from excess revenues over expenses of the Agri-Business Council.

Some of the temporarily restricted net assets represent contributions for sponsorships for the Leadership 2000 program and general operations pledged prior to year end. As the Chamber expends these funds at the designated time, the restrictions will be removed and these amounts will be reclassified to unrestricted-undesignated net assets.

The balance of the temporarily restricted net assets represent contributions for the Agri-Business Council. As these funds are expended for their designated purpose, the restrictions will be removed and this amount will be reclassified to unrestricted-

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1999 AND 1998**

designated net assets.

Funds represented by temporarily restricted net assets are all contributions pledged to the Chamber and are expected to be collected by December 31, 2000.

***Statements of Cash Flows***

For the purposes of the statements of cash flows, the Chamber considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

***Functional Allocation of Expenses***

The direct costs of providing the various programs and other activities have been summarized in the statements of activities. 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.

***Accounting Pronouncements***

The Chamber adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, in 1996. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS No. 117, 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*. As permitted by these new statements the Chamber has discontinued its use of fund accounting and has reclassified its financial statements to present the required classes of net assets. The Chamber had no permanently restricted net assets at December 31, 1999 or 1998.

***Tax Status***

The Chamber has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(6) of the Internal Revenue Code; therefore, there is no provision for income taxes in the accompanying financial statements except for tax on unrelated trade or business income related to membership directories, maps and brochures.



**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1999 AND 1998**

**Note 2 - Deferred Revenues**

Deferred revenue at December 31, 1999 and 1998 represents billings for Annual Membership Dues, Leadership Programs and Annual Banquet Fees which have not been earned by the Chamber.

	December 31,	
	1999	1998
January Annual Billing	\$ -	\$ 1,090
February Annual Billing	-	352
March Annual Billing	1,434	650
April Annual Billing	10,473	11,461
May Annual Billing	2,128	3,218
June Annual Billing	1,802	4,172
July Annual Billing	44,319	38,249
August Annual Billing	10,708	18,261
September Annual Billing	34,741	4,723
October Annual Billing	12,760	6,348
November Annual Billing	6,517	3,221
December Annual Billing	13,320	4,812
 Total Membership Deferred Revenue	\$ 138,202	\$ 96,557
	1999	1998
Total Resource	\$ 72,959	\$ 89,965
Leadership Ouachita	4,750	16,423
Leadership 2000	8,300	10,375
Governmental Relations	43,455	85,004
Annual Banquet	4,585	10,485
Agri-Business Council	42,860	-
 Total Other Deferred Revenue	\$ 176,909	\$ 212,252

**Note 3 - Program Service Expenses - Allocated Overhead**

Various operating overhead expenses directly connected with a specific function or program are allocated to program services expenses. Additionally, a percentage of salaries and employee benefits is allocated to program services. This allocation is made by management and is based upon the estimated time each employee devotes to program services. The following summarizes the allocations for 1999 and 1998, respectively.

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Salaries and Employee Benefits	\$ 305,600	\$ 273,984
Insurance	6,789	5,833
Travel and Entertainment	8,698	1,092
Automobile Expenses	9,521	9,049
Telephone	32,784	25,439
Postage	18,209	19,406
Printing and Subscriptions	15,453	12,530
Total Program Services Allocated Overhead	\$ 397,054	\$ 347,333

**Note 4 - General Administration**

General administration expenses consisted of the following for 1999 and 1998, respectively.

	1999	1998
Salaries and Employee Benefits	\$ 47,936	\$ 84,092
Professional Fees	6,475	3,500
Rent – Office	44,256	41,277
Service Contracts and Repairs	21,099	15,257
Depreciation	22,414	20,998
Other	67,294	51,066
Unrelated Trade or Business Income Taxes	4,685	3,638
Total General Administration Expense	\$ 214,159	\$ 219,828

**Note 5 - Leases**

As of December 31, 1999, the Chamber leased office space and certain equipment under noncancellable operating leases. Rental expense for the years ended December 31, 1999 and 1998, was \$55,670 and \$51,371, respectively. Future minimum lease payments required under the operating leases are as follows:

	Operating Leases
2000	\$ 51,645
2001	7,600
Total minimum lease payments	\$ 59,245

**MONROE CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1999 AND 1998**

**Note 6 – Fund Raising Costs**

During the year ended December 31, 1997 the Chamber implemented the Total Resource Campaign. This fund raising event concentrates on soliciting cash and non-cash contributions to cover the operations and programs of the Chamber. During the year ended December 31, 1999, the Chamber raised additional funds attributable to the Total Resource Campaign in the Economic Development, Government Affairs, Government Relations and Communications Divisions. The Leadership Division received unconditional promises of \$11,630. This amount is included in temporarily restricted net assets. The total costs of the Total Resource Campaign included in the financial statements as of December 31, 1999 is \$4,034 and is a component of the Membership Division expenses.

**Note 7 - Employee Retirement Plan**

The Chamber provides a defined contribution retirement plan for eligible employees. To participate in the plan, employees must be at least 21 years of age and have provided one year of service. The Chamber contributes 5% of participating employees' earnings. Employees may contribute 1% to 10% of their earnings on an after-tax basis. The Chamber contributed \$9,370 and \$6,621 to this plan for the years ended December 31, 1999 and 1998, respectively.

**Note 8 - Concentration of Credit Risk**

All of the membership dues receivable represent amounts due from businesses located within Ouachita Parish and mostly within the city of Monroe. Over seventy-one percent of other receivables represents amounts due from the membership for participation in other programs such as leadership, government relations and similar programs. The Chamber does not require any security or collateral from its membership to secure these amounts. Failure of the membership to perform as promised could impact the Chamber's ability to collect \$7,794 and \$186,902 of the membership dues receivable and other receivables, respectively.

The Chamber has various deposit accounts at federally insured financial institutions. At December 31, 1999, the bank balance in those institutions totaled \$272,567 of which \$102,388 was uninsured.



**MONROE CHAMBER OF COMMERCE, INC.**  
**SCHEDULE OF AGRI-BUSINESS COUNCIL SUPPORT AND**  
**REVENUE, EXPENSES AND CHANGES IN NET ASSETS**

**SCHEDULE 1**

	<u>Years Ended December 31,</u>	
	<u>1999</u>	<u>1998</u>
<b>Unrestricted Support and Revenue:</b>		
Exhibit Rent and Ticket Sales	\$ 47,096	\$ 49,508
Other	18,947	4,891
Total Unrestricted Support and Revenue	<u>66,043</u>	<u>54,399</u>
Net Assets Released From Time Restrictions	<u>19,400</u>	<u>14,500</u>
Total Unrestricted Support and Reclassifications	85,443	68,899
<b>Expenses</b>		
Advertising	12,296	3,072
Awards	1,728	877
Bank Charges	27	14
Catering	11,103	6,534
Chamber Contract	32,000	29,000
Civic Center Rental	11,122	19,694
Commodities	1,998	1,997
Contract Labor	1,345	2,235
Donations	-	2,100
Extension Exhibit	-	309
Legislative Reception	1,576	-
Livestock Show	615	2,049
Mini Farm	571	150
Miscellaneous	7,030	2,478
Promotional Materials	6,120	9,360
Name Badges/Ribbons	-	271
Office Supplies	998	-
Photo, Film and Developing	-	55
Postage	48	161
Printing	5,586	7,225
Professional Fees	6,000	-
Southern Forum	398	1,304
Show Prizes	1,400	1,700
Sponsorships	4,730	300
Sign Painting	2,756	719
Travel	1,437	-
Total Expenses	<u>110,884</u>	<u>91,604</u>
<b>Decrease in Unrestricted Net Assets</b>	(25,441)	(22,705)

(Continued)

**MONROE CHAMBER OF COMMERCE, INC.**  
**SCHEDULE OF AGRI-BUSINESS COUNCIL SUPPORT AND**  
**REVENUE, EXPENSES AND CHANGES IN NET ASSETS (CONCLUDED)**

**SCHEDULE 1**

	<b>Years Ended December 31,</b>	
	<b>1999</b>	<b>1998</b>
<b>Changes in Temporarily Restricted Net Assets</b>		
Agribusiness Council	-	19,400
Net Assets Released from Time Restrictions	(19,400)	(14,500)
	(19,400)	4,900
<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>		
	(19,400)	4,900
<b>Decrease in Net Assets</b>	(44,841)	(17,805)
<b>Net Assets at Beginning of Year:</b>		
Unrestricted - Designated	59,656	82,361
Temporarily Restricted	19,400	14,500
	79,056	96,861
<b>Net Assets at Beginning of Year</b>		
	79,056	96,861
<b>NET ASSETS AT END OF YEAR:</b>		
Unrestricted - Designated	34,215	59,656
Temporarily Restricted	-	19,400
	34,215	79,056
<b>NET ASSETS AT END OF YEAR</b>	\$ 34,215	\$ 79,056



John L. Luffey, MBA, CPA  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Atteberry, CPA  
Carolyn A. Clarke, CPA

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

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

We have audited the financial statements of the **Monroe Chamber of Commerce, Inc.** (the Chamber) as of and for the year ended December 31, 1999, and have issued our report thereon dated March 21, 2000. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

***Compliance***

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the Chamber's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we did note a certain matter involving the internal control over financial reporting that we have reported to management of the Chamber in a separate letter dated March 21, 2000.

This report is intended for the information of management of the Chamber, entities granting funds to the Chamber and the Legislative Auditor for the state of Louisiana. However, this report is a matter of public record and its distribution is not limited.



(A Professional Accounting Corporation)

March 21, 2000



Luffey  
Huffman  
& Monroe

(A Professional Accounting Corporation)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Atteberry, CPA  
Carolyn A. Clarke, CPA

## MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the Monroe Chamber of Commerce, Inc. (the Chamber) as of and for the year ended December 31, 1999, we considered its internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated March 21, 2000 on the financial statements of the Chamber.

### **Recording of Total Resource Commitments**

During the course of our audit, we noted commitments received through the Total Resource Campaign in support of the various programs and activities of the Chamber are not recorded as revenue or deferred revenue until the member is actually billed or paid, depending on the member's preference. We further noted that revenue which is triggered by the occurrence of specific events is recognized when the event occurs for the entire amount of the commitments received. This procedure sometimes results in revenue being recognized before a receivable or deferred revenue is recorded in the Chamber's general ledger.

We recommend that the Chamber establish an asset account such as "pledges receivable" or some other appropriately styled account to record commitments as they are received. The corresponding liability to this account would be deferred revenue. As members are billed for their commitments, an accounts receivable would be recorded and the pledges receivable reduced by a like amount. In addition, the Chamber should keep accurate subsidiary records of the pledges receivable, accounts receivable and deferred revenue accounts to support the balances reported in the general ledger.



**Management's Response:**

The president and administrative vice president concur with our recommendation and have established procedures to implement the recommendation.

A handwritten signature in black ink, appearing to read "Ruffly, Hoffman & Kenner". The signature is written in a cursive style with a horizontal line at the end.

**(A Professional Accounting Corporation)**

**March 21, 2000**