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Monroe Chamber of Commerce, Inc.

Financial Statements
Years Ended December 31, 1998 and 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, 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 3-1-00



Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

Monroe Chamber of Commerce, Inc.

December 31, 1998 and 1997

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John L. Luffey, MBA, CPA
Francis J. 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, 1998 and 1997, 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. 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, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

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 13 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.

Luffey, Huffman & Monroe (APAC)

April 8, 1999

FINANCIAL STATEMENTS

	December 31	
	1998	1997
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred Revenue (Note 2):		
Membership Dues	96,557	175,900
Other	212,252	59,185
Accounts Payable	82,252	44,672
Accrued and Withheld Payroll Taxes	3,599	5,252
Total Current Liabilities	394,660	285,009
Net Assets		
Unrestricted:		
Undesignated	82,214	63,624
Designated for Northeast Louisiana Agri-Business Council	45,156	82,361
Temporarily Restricted:		
Administrative Division	-	5,198
Agribusiness Council	19,400	14,500
Leadership Division	6,167	18,025
Total Net Assets	152,937	183,708
TOTAL LIABILITIES AND NET ASSETS	\$ 547,597	\$ 468,717

MONROE CHAMBER OF COMMERCE, INC.
STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	1998	1997
Changes in Unrestricted Net Assets		
Support		
Membership Dues	\$ 276,948	\$ 268,023
Agri-Business Council	54,399	70,861
Communications Division	58,625	39,135
Community Development Division	3,500	10,050
Economic Development Division	117,144	16,841
Education Division	5,115	7,395
Government Affairs Division	96,580	86,579
Government Relations Division	74,726	69,415
Leadership Division	42,428	65,720
Membership Division	90,258	78,638
Telecommunications Division	26,805	18,490
Investment Income	3,412	4,706
Other	19,203	12,012
Total Unrestricted Support	869,143	747,865
Net Assets Released From Time Restrictions	37,723	12,104
Total Unrestricted Support and Reclassifications	906,866	759,969
Expenses		
Program Services:		
Agri-Business Council	91,604	67,651
Communications Division	29,119	24,447
Community Development Division	1,497	3,541
Economic Development Division	41,429	9,877
Education Division	2,898	4,099
Government Affairs Division	24,809	42,967
Government Relations Division	74,726	76,269
Leadership Division	28,010	27,584
Membership Division	45,538	113,786
Telecommunications Division	18,690	20,691
Allocated Overhead (Note 3)	347,333	240,357
Total Program Services Expenses	705,653	631,269
Supporting Services:		
General Administration (Note 4)	219,828	192,863
Total Expenses	925,481	824,132
(Decrease) in Unrestricted Net Assets	(18,615)	(64,163)

(Continued)

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

	<u>Years Ended December 31,</u>	
	<u>1998</u>	<u>1997</u>
Changes in Temporarily Restricted Net Assets		
Administrative Division	-	5,198
Leadership Division	6,167	18,025
Agribusiness Council	19,400	14,500
Net Assets Released from Time Restrictions	<u>(37,723)</u>	<u>(12,104)</u>
 Increase (Decrease) in Temporarily Restricted Net Assets	 <u>(12,156)</u>	 <u>25,619</u>
 (Decrease) in Net Assets	 (30,771)	 (38,544)
 Net Assets at Beginning of Year	 <u>183,708</u>	 <u>222,252</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 152,937</u>	 <u>\$ 183,708</u>

The accompanying notes are an integral part of these statements.

MONROE CHAMBER OF COMMERCE, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	1998	1997
Cash Flows from Operating Activities		
(Decrease) in Net Assets	\$ (30,771)	\$ (38,544)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	19,368	20,158
Loss on Disposal of Leased Asset	-	2,816
Changes in Assets and Liabilities:		
Membership Dues Receivable	84,985	(28,376)
Other Receivables	(43,106)	(63,057)
Prepaid and Other Assets	(11,509)	3,882
Deferred Revenue	73,724	31,733
Accounts Payable	37,580	31,119
Taxes Payable	(1,657)	(2,318)
Total Adjustments	159,385	(4,043)
Net Cash Provided (Used) by Operating Activities	128,614	(42,587)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(29,068)	(1,945)
Net Cash Used by Investing Activities	(29,068)	(1,945)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligations	-	(5,844)
Net Cash Used by Financing Activities	-	(5,844)
Net Increase (Decrease) in Cash and Cash Equivalents	99,546	(50,376)
Cash and Cash Equivalents at Beginning of Year	205,027	255,403
Cash and Cash Equivalents at End of Year	\$ 304,573	\$ 205,027
Supplemental Disclosures:		
Cash Paid During the Year for:		
Interest	\$ 1,191	\$ 1,393
Income Taxes	\$ 4,502	\$ 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, 1998 AND 1997

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 individuals and other entities 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.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

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 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 payments 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 removed or 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

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

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-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, 1999.

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, 1998 or 1997.

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

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.

Note 2 - Deferred Revenues

Deferred revenue at December 31, 1998 and 1997 represents billings for Annual Membership Dues, Leadership Programs and Annual Banquet Fees which have not been earned by the Chamber.

	December 31,	
	1998	1997
April Annual Billing	\$ 11,461	\$ 11,816
May Annual Billing	3,218	3,858
June Annual Billing	4,172	2,337
July Annual Billing	38,249	31,793
August Annual Billing	18,261	7,686
September Annual Billing	4,723	9,722
October Annual Billing	6,348	7,588
November Annual Billing	3,221	4,929
December Annual Billing	4,812	4,015
January Annual Billing	1,090	91,204
February Annual Billing	352	375
March Annual Billing	650	577
	<u>96,557</u>	<u>175,900</u>
	1998	1997
Total Resource	\$ 89,965	\$ 30,405
Leadership Ouachita	16,423	15,500
Leadership 2000	10,375	4,025
Governmental Relations	85,004	-
Annual Banquet	10,485	9,255
	<u>212,252</u>	<u>59,185</u>
Total Other Deferred Revenue	\$ 212,252	\$ 59,185

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

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 1998 and 1997, respectively.

	<u>1998</u>	<u>1997</u>
Salaries and Employee Benefits	\$ 273,984	\$ 169,989
Insurance	5,833	5,749
Travel and Entertainment	1,092	1,899
Automobile Expenses	9,049	12,124
Telephone	25,439	21,899
Postage	19,406	15,248
Printing and Subscriptions	12,530	13,449
Total Program Services Allocated Overhead	<u>\$ 347,333</u>	<u>\$ 240,357</u>

Note 4 - General Administration

General administration expenses consisted of the following for 1998 and 1997, respectively.

	<u>1998</u>	<u>1997</u>
Salaries and Employee Benefits	\$ 84,092	\$ 85,648
Professional Fees	3,500	3,419
Rent - Office	41,277	26,381
Service Contracts and Repairs	15,257	17,245
Depreciation	20,998	20,158
Other	51,066	37,414
Unrelated Trade or Business Income Taxes	3,638	2,598
Total General Administration Expense	<u>\$ 219,828</u>	<u>\$ 192,863</u>

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

Note 5 - Leases

As of December 31, 1998, the Chamber leased office space and certain equipment under noncancellable operating leases. Rental expense for the years ended December 31, 1998 and 1997, was \$51,371 and \$37,127, respectively. Future minimum lease payments required under the operating leases are as follows:

		Operating Leases
1999	\$	18,117
2000		7,389
2001		224
Total minimum lease payments	\$	25,730

The current lease on the office space expires on February 28, 1999. Subsequent to year end, the chamber renewed the lease for a two year period ending on February 28, 2001 with payments of \$3,688 per month. The schedule above does not include provisions for the renewal of this agreement.

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, 1998, the Chamber raised additional funds attributable to the Total Resource Campaign in the Economic Development, Government Relations and Government Affairs Divisions. The Leadership Division received unconditional promises of \$6,167. This amount is included in temporarily restricted net assets. In addition to these pledges, commitments to purchase advertisements in future publications of the Chamber totaled \$9,750. The total costs of the Total Resource Campaign included in the financial statements as of December 31, 1998 is \$14,973 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

MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997

Chamber contributed \$6,621 and \$9,357 to this plan for the years ended December 31, 1998 and 1997, 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 \$161,049 and \$87,708 of the membership dues receivable and other receivables, respectively.

The Chamber has various deposit accounts at federally insured financial institutions. At December 31, 1998, the bank balance in those institutions totaled \$353,698 of which \$156,198 was uninsured.

Note 9 - Commitments and Contingencies

The worldwide challenge facing organizations, commonly referred to as the Year 2000 (Y2K) issue, is the result of problems that may be encountered with date-related transactions on systems that have historically recognized years using two digits vs. four digits, e.g. 98 versus 1998. These systems will potentially recognize the "00" as the year 1900 instead of 2000. On the surface, the Y2K problem sounds simple enough; however, the implications of this problem are far reaching and could impact a full range of business services and activities.

The Chamber has conducted a study of its own systems and operations. Based on this study, the Chamber has initiated a project to take all necessary and reasonable steps to get the mission critical systems and operations Y2K compliant in a timely manner. The project will include confirming the Y2K preparedness of significant third parties.

The total costs of the Y2K efforts are estimated to be minimal and will be funded with cash flows from operations. As of December 31, 1998, the Chamber has not expended any funds toward making the Chamber's system year 2000 compliant.

**MONROE CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 AND 1997**

The assessment of the costs of the Y2K compliance effort, and the timetable for the planned completion of the internal Y2K modifications, are management's estimates. The estimates were based on numerous assumptions as to future events. There can be no guarantee that these estimates will prove accurate, and actual results could differ from those estimated if these assumptions prove inaccurate. Additionally, there can be no absolute guarantee that significant third parties will successfully and timely convert their systems.

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

SCHEDULE 1

	Years Ended December 31,	
	1998	1997
Unrestricted Support and Revenue:		
Exhibit Rent and Ticket Sales	\$ 49,508	\$ 59,427
Other	4,891	11,434
Total Unrestricted Support and Revenue	54,399	70,861
Net Assets Released From Time Restrictions	14,500	-
Total Unrestricted Support and Reclassifications	68,899	70,861
Expenses		
Advertising	3,072	6,288
Awards	877	85
Bank Charges	14	162
Catering	6,534	5,070
Chamber Contract	29,000	16,000
Civic Center Rental	19,694	15,806
Commodities	1,997	3,765
Contract Labor	2,235	270
Donations	2,100	100
Education	-	2,100
Extension Exhibit	309	1,090
Legislative Reception	-	365
Livestock Show	2,049	4,403
Mini Farm	150	2,326
Miscellaneous	2,478	3,289
Promotional Materials	9,360	-
Name Badges/Ribbons	271	101
Photo, Film and Developing	55	150
Postage	161	-
Printing	7,225	1,972
Professional Fees	-	700
Retired Seniors	-	125
Southern Forum	1,304	-
Show Prizes	1,700	1,950
Sponsorships	300	1,000
Sign Painting	719	534
Total Expenses	91,604	67,651
Increase (Decrease) in Unrestricted Net Assets	(37,205)	3,210

(Continued)

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

SCHEDULE 1

	Years Ended December 31,	
	1998	1997
Changes in Temporarily Restricted Net Assets		
Agribusiness Council	19,400	14,500
Net Assets Released from Time Restrictions	(14,500)	-
Increase (Decrease) in Temporarily Restricted Net Assets	<u>4,900</u>	<u>14,500</u>
Increase (Decrease) in Net Assets	(32,305)	17,710
Net Assets at Beginning of Year:		
Unrestricted - Designated	82,361	79,151
Temporarily Restricted	14,500	-
Net Assets at Beginning of Year	<u>96,861</u>	<u>79,151</u>
NET ASSETS AT END OF YEAR:		
Unrestricted - Designated	45,156	82,361
Temporarily Restricted	19,400	14,500
NET ASSETS AT END OF YEAR	<u>\$ 64,556</u>	<u>\$ 96,861</u>

Affidavit and Revenue Certification

MONROE CHAMBER OF COMMERCE, INC ENTITY NAME
OUACHITA Parish
MONROE (City), Louisiana

ANNUAL SWORN FINANCIAL STATEMENTS AND CERTIFICATION OF REVENUES \$50,000 OR LESS (if applicable)

The annual sworn financial statements are required by Louisiana Revised Statute 24:514 to be filed with the Legislative Auditor within 90 days after the close of the fiscal year. The certification of revenues \$50,000 or less, if applicable, is required by Louisiana Revised Statute 24:513(I)(1)(c)(i).

Personally came and appeared before the undersigned authority, JAMES E. LOWERY (name), who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of MONROE CHAMBER OF COMMERCE, INC (entity name) as of DECEMBER 31, 1998 19__, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

(Complete if applicable)

In addition, _____, (name), who, duly sworn, deposes and says that _____ (entity name) received \$50,000 or less in revenues and other sources for the year ended _____, 19__, and accordingly, is not required to have an audit for the previously mentioned year.

Jane Lowery
Signature

Sworn to and subscribed before me this 17 day of February, 192000.

Jean Lowery
NOTARY PUBLIC

Officer Name JAMES E. LOWERY
Title V.P. - ADMINISTRATION
Address 300 WASHINGTON ST, STE 104
MONROE, LA 71201
Telephone No. (318) 323-3461