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THE CHAMBER/SOUTHWEST LOUISIANA AND
THE FOUNDATION/SOUTHWEST LOUISIANA

Combined Financial Statements

December 31, 2003

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 11-24-04

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Tax
Accounting and Auditing
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MEMBERS

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Chamber/Southwest Louisiana and
The Foundation/Southwest Louisiana
Lake Charles, Louisiana

Robert G. Dunn
CPA



DUNN, ROBERTS
& COMPANY, LLC

We have audited the accompanying combined statement of financial position of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana (nonprofit organizations) as of December 31, 2003, and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year summarized comparative information has been derived from the Organizations' 2002 financial statements and, in our report dated September 24, 2003; we expressed an unqualified opinion on those financial statements.

Sara A. Roberts
CPA

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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audit provides a reasonable basis for our opinion.

Donita G. Helms
CPA

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana as of December 31, 2003, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2004, on our consideration of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana's internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Dunn, Roberts & Company, LLC
DUNN, ROBERTS & COMPANY, LLC

Lake Charles, Louisiana
October 29, 2004



DUNN, ROBERTS
& COMPANY, LLC

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2003
(with comparative amounts for December 31, 2002)

	2003			2002
	Chamber	Foundation	Combined	Combined (Memorandum Only)
ASSETS				
Assets				
Cash	\$ 528,405	\$ 301,296	\$ 829,701	\$ 686,590
Accounts receivable (net of allowance for doubtful accounts of \$17,909 and \$29,145)	72,278	-	72,278	139,587
Grant receivable	10,812	-	10,812	32,073
Pledges receivable (net of allowance for uncollectible pledges of \$56,549 and \$86,986 and discount of net present value of \$5,784 and \$25,370)	-	111,150	111,150	435,608
Prepaid expenses	6,653	2,354	9,007	12,952
Due from the Foundation/SWLA	6,052	(6,052)	-	-
	<u>624,200</u>	<u>408,748</u>	<u>1,032,948</u>	<u>1,306,810</u>
Buildings and improvements held for lease	-	1,216,131	1,216,131	1,216,131
Furniture and fixtures	1,601	61,509	63,110	68,698
Office equipment	85,834	68,892	154,726	134,547
Transportation equipment	28,687	-	28,687	28,687
	<u>116,122</u>	<u>1,346,532</u>	<u>1,462,654</u>	<u>1,448,063</u>
Less accumulated depreciation	59,574	439,783	499,357	425,267
	<u>56,548</u>	<u>906,749</u>	<u>963,297</u>	<u>1,022,796</u>
Land	500	309,500	310,000	310,000
	<u>57,048</u>	<u>1,216,249</u>	<u>1,273,297</u>	<u>1,332,796</u>
	<u>\$ 681,248</u>	<u>\$ 1,624,997</u>	<u>\$ 2,306,245</u>	<u>\$ 2,639,606</u>

See accompanying notes to combined financial statements.

	2003			2002
	Chamber	Foundation	Combined	Combined (Memorandum Only)
LIABILITIES AND NET ASSETS				
Liabilities				
Current maturities of long-term debt	\$ 6,370	\$ -	\$ 6,370	\$ 6,371
Accounts payable	121	684	805	36,101
Accrued payroll and payroll taxes	3,308	1,230	4,538	3,082
Accrued vacation	1,261	106	1,367	1,696
Other accrued liabilities	6,241	-	6,241	6,163
Deferred membership dues	236,840	-	236,840	256,130
Deferred project revenue	27,021	-	27,021	30,358
	<u>281,162</u>	<u>2,020</u>	<u>283,182</u>	<u>339,901</u>
Long-term debt, less current maturities	-	-	-	6,370
	<u>281,162</u>	<u>2,020</u>	<u>283,182</u>	<u>346,271</u>
Net Assets				
Unrestricted net assets:				
Operations	343,039	306,773	649,812	538,091
Fixed assets	57,047	266,247	323,294	357,793
Total unrestricted net assets	<u>400,086</u>	<u>573,020</u>	<u>973,106</u>	<u>895,884</u>
Temporarily restricted net assets:				
Operations	-	99,957	99,957	422,451
Fixed assets	-	750,000	750,000	775,000
	<u>-</u>	<u>849,957</u>	<u>849,957</u>	<u>1,197,451</u>
Permanently restricted net assets:				
Fixed assets	-	200,000	200,000	200,000
Total net assets	<u>400,086</u>	<u>1,622,977</u>	<u>2,023,063</u>	<u>2,293,335</u>
	<u>\$ 681,248</u>	<u>\$ 1,624,997</u>	<u>\$ 2,306,245</u>	<u>\$ 2,639,606</u>

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED STATEMENT OF ACTIVITIES

Year Ended December 31, 2003
 (with comparative amounts for the year ended December 31, 2002)

	2003		
	Chamber		
	Operating	Unrestricted Fixed Assets	Total
Support and Revenue			
Support			
Grant income	\$ 44,485	\$ -	\$ 44,485
Contributions	-	-	-
2004 3rd Millennium pledges	-	-	-
Net assets released from donor restrictions	-	-	-
Total support	<u>44,485</u>	<u>-</u>	<u>44,485</u>
Revenues			
Membership dues	368,386	-	368,386
Miscellaneous programs	-	-	-
Net committee and program income	29,257	-	29,257
Interest received	2,548	-	2,548
Lease income	1,586	-	1,586
Gain (loss) on disposal of property and equipment	-	(2,235)	(2,235)
Total revenue	<u>401,777</u>	<u>(2,235)</u>	<u>399,542</u>
Total support and revenue	446,262	(2,235)	444,027

See accompanying notes to combined financial statements.

2003						2002	
Foundation					Combined	Combined	
Unrestricted		Temporarily Restricted		Permanently Restricted	Total	Total	(Memorandum Only)
Operating	Fixed Assets	Operating	Fixed Assets	Fixed Assets			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,485	\$ 46,918
-	-	-	-	-	-	-	31,500
-	-	8,059	-	-	8,059	8,059	24,105
330,553	-	(330,553)	-	-	-	-	-
<u>330,553</u>	<u>-</u>	<u>(322,494)</u>	<u>-</u>	<u>-</u>	<u>8,059</u>	<u>52,544</u>	<u>102,523</u>
-	-	-	-	-	-	368,386	358,206
2,520	-	-	-	-	2,520	2,520	2,142
-	-	-	-	-	-	29,257	38,590
2,714	-	-	-	-	2,714	5,262	8,126
105,180	-	-	-	-	105,180	106,766	103,716
-	-	-	-	-	-	(2,235)	(4,621)
<u>110,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,414</u>	<u>509,956</u>	<u>506,159</u>
440,967	-	(322,494)	-	-	118,473	562,500	608,682

continued

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED STATEMENT OF ACTIVITIES

Year Ended December 31, 2003

(with comparative amounts for the year ended December 31, 2002)

continued

	2003		
	Chamber		
	Operating	Unrestricted Fixed Assets	Total
Expenses			
Accounting and professional fees	6,164	-	6,164
Advertising	-	-	-
Building maintenance	-	-	-
Business expense	3,792	-	3,792
Commission	1,522	-	1,522
Computer services	7,933	-	7,933
Contributions	200	-	200
Depreciation	-	14,434	14,434
Dues and subscriptions	7,897	-	7,897
Employee insurance and benefits	27,903	-	27,903
Equipment rental and maintenance	1,834	-	1,834
Grant - cooperative endeavor	44,485	-	44,485
Insurance	4,717	-	4,717
Labor	550	-	550
Marketing	-	-	-
Miscellaneous expense	1,166	-	1,166
Office supplies	15,611	-	15,611
Payroll taxes	15,588	-	15,588
Postage	5,420	-	5,420
Publications	182	-	182
Rent	30,000	-	30,000
Research	-	-	-
Retirement	22,205	-	22,205
Salaries	230,018	-	230,018
Staff training	3,258	-	3,258
Survey	-	-	-
Telephone	6,210	-	6,210
Travel and automobile	2,807	-	2,807
Utilities	-	-	-
	<u>439,462</u>	<u>14,434</u>	<u>453,896</u>
Change in net assets	6,800	(16,669)	(9,869)
Net assets, beginning of year	348,133	61,822	409,955
Assets purchased	(11,894)	11,894	-
Net assets, end of year	<u>\$ 343,039</u>	<u>\$ 57,047</u>	<u>\$ 400,086</u>

See accompanying notes to combined financial statements.

2003						2002	
Foundation					Combined	Combined	
Unrestricted		Temporarily Restricted		Permanently Restricted	Total	Total	(Memorandum Only)
Operating	Fixed Assets	Operating	Fixed Assets	Fixed Assets			
3,991	-	-	-	-	3,991	10,155	8,910
3,000	-	-	-	-	3,000	3,000	6,153
43,825	-	-	-	-	43,825	43,825	33,022
1,853	-	-	-	-	1,853	5,645	5,007
-	-	-	-	-	-	1,522	3,316
6,059	-	-	-	-	6,059	13,992	14,116
200	-	-	-	-	200	400	250
-	38,009	-	25,000	-	63,009	77,443	69,630
1,264	-	-	-	-	1,264	9,161	10,175
15,888	-	-	-	-	15,888	43,791	45,413
1,834	-	-	-	-	1,834	3,668	4,890
-	-	-	-	-	-	44,485	46,918
12,649	-	-	-	-	12,649	17,366	17,146
2,988	-	-	-	-	2,988	3,538	-
25,769	-	-	-	-	25,769	25,769	59,698
3	-	-	-	-	3	1,169	2,166
8,871	-	-	-	-	8,871	24,482	23,367
8,035	-	-	-	-	8,035	23,623	23,748
6,405	-	-	-	-	6,405	11,825	10,248
569	-	-	-	-	569	751	987
-	-	-	-	-	-	30,000	30,000
2,783	-	-	-	-	2,783	2,783	1,867
8,818	-	-	-	-	8,818	31,023	25,577
110,666	-	-	-	-	110,666	340,684	349,343
1,695	-	-	-	-	1,695	4,953	6,936
-	-	-	-	-	-	-	727
4,230	-	-	-	-	4,230	10,440	10,514
3,934	-	-	-	-	3,934	6,741	11,767
40,538	-	-	-	-	40,538	40,538	48,729
<u>315,867</u>	<u>38,009</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>378,876</u>	<u>832,772</u>	<u>870,620</u>
125,100	(38,009)	(322,494)	(25,000)	-	(260,403)	(270,272)	(261,938)
189,958	295,971	422,451	775,000	200,000	1,883,380	2,293,335	2,555,273
(8,285)	8,285	-	-	-	-	-	-
<u>\$ 306,773</u>	<u>\$ 266,247</u>	<u>\$ 99,957</u>	<u>\$ 750,000</u>	<u>\$ 200,000</u>	<u>\$ 1,622,977</u>	<u>\$ 2,023,063</u>	<u>\$ 2,293,335</u>

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED STATEMENT OF CASH FLOWS

Year Ended December 31, 2003
 (with comparative amounts for the year ended December 31, 2002)

	2003			2002
	Chamber	Foundation	Combined	Combined (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES				
Dues collected	\$ 399,794	\$ -	\$ 399,794	\$ 363,594
Committee/program receipts	161,845	2,520	164,365	183,716
Pledges received	-	325,411	325,411	313,900
Contributions received	-	4,500	4,500	26,726
Intercompany leases	(30,000)	30,000	-	-
Interest received	2,548	2,714	5,262	8,126
Lease income received	1,586	76,199	77,785	72,130
Grants received	65,747	-	65,747	23,143
Cash paid for administrative expenses	(408,933)	(344,957)	(753,890)	(734,191)
Cash paid for committee/program expenses	(119,313)	-	(119,313)	(155,950)
Net cash provided by operating activities	73,274	96,387	169,661	101,194
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of land, equipment and improvements	(11,894)	(8,285)	(20,179)	(70,792)
Net advances to the Chamber/SWLA	67,472	(67,472)	-	-
Net cash used by investing activities	55,578	(75,757)	(20,179)	(70,792)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments on long-term debt	(6,371)	-	(6,371)	(6,371)
Net cash used by financing activities	(6,371)	-	(6,371)	(6,371)
Net (decrease) increase in cash	122,481	20,630	143,111	24,031
Cash, beginning of year	405,924	280,666	686,590	662,559
Cash, end of year	<u>\$ 528,405</u>	<u>\$ 301,296</u>	<u>\$ 829,701</u>	<u>\$ 686,590</u>

continued

See accompanying notes to combined financial statements.

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED STATEMENT OF CASH FLOWS

Year Ended December 31, 2003
 (with comparative amounts for the year ended December 31, 2002)

continued

	2003			2002
	Chamber	Foundation	Combined	Combined (Memorandum Only)
Reconciliation of increase (decrease) in net assets to net cash provided by operating activities:				
Increase (decrease) in net assets	\$ (9,869)	\$ (260,403)	\$ (270,272)	\$ (261,938)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				
Depreciation	14,434	63,009	77,443	69,630
Loss on disposal of property and equipment	2,235	-	2,235	4,621
Changes in assets and liabilities:				
Net (increase) decrease in:				
Accounts receivable	67,311	-	67,311	(6,822)
Grants receivable	21,261	-	21,261	(23,775)
Pledges receivable	-	324,457	324,457	285,200
Prepaid expenses	2,967	978	3,945	754
Net increase (decrease) in:				
Accounts payable	(3,608)	(31,688)	(35,296)	27,274
Deferred revenue	(22,627)	-	(22,627)	(758)
Accrued liabilities	1,170	34	1,204	7,008
Net cash provided by operating activities	<u>\$ 73,274</u>	<u>\$ 96,387</u>	<u>\$ 169,661</u>	<u>\$ 101,194</u>

SUPPLEMENTAL DISCLOSURE

Noncash investing and financing transaction:

Acquisition of transportation equipment				
Cost of transportation equipment				19,112
Transportation equipment loan				(19,112)

See accompanying notes to combined financial statements.

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE A - NATURE OF ACTIVITIES

The Chamber/Southwest Louisiana (the Chamber) is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of encouraging and promoting the establishment of new businesses in the community.

The Foundation/Southwest Louisiana (the Foundation) is a nonprofit organization engaged in economic development as a process to job creation and investment in Southwest Louisiana.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Financial statement presentation:

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, The Chamber's and the Foundation's net assets and changes therein are classified and reported as follows:

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 and the Foundation. Generally, the donors of these assets permit the Chamber and the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

continued

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of estimates:

The preparation of financial statements for the Chamber and for the Foundation in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Cash and cash equivalents:

For purposes of the statement of cash flows, 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. At December 31, 2003, the Company had no cash equivalents.

Contributions:

The Chamber and the Foundation have adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions, including promises to give, are recognized as revenue upon receipt and are considered to be unrestricted unless they are received with donor stipulations that limit their use either through purpose or time restrictions.

Revenue recognition:

The Chamber membership dues are recognized as revenues on a pro rata basis over the period to which the membership relates. The Foundation pledges are unconditional promises to give and are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

continued

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Allowance for doubtful accounts:

- a) The Chamber uses the allowance method to provide for uncollectible accounts receivable.
- b) The Foundation uses the allowance method to provide for uncollectible pledges.

Income tax status:

- a) The Chamber was incorporated under the laws of the State of Louisiana in 1941. The corporation is exempt from taxation under Section 501(c)(6) of the Internal Revenue Code.
- b) The Foundation is a non-profit corporation organized under the laws of the State of Louisiana for the advancement of economic, civic, sociological, and cultural interests of Calcasieu and Cameron parishes. The Foundation is exempt from federal and state income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Advertising Costs:

Advertising costs are charged to operations when incurred. Total advertising costs for the years ended December 31, 2003 and 2002 amounted to \$3,000 and \$6,153, respectively.

Property and equipment:

Property and equipment for the Chamber and for the Foundation are stated at cost or fair market value at the date of donation for contributed assets. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$77,443 and \$69,630 for the years ended December 31, 2003 and 2002, respectively and is calculated on the straight-line method based on the estimated useful lives below:

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

The organizations follow the practice of capitalizing all assets in excess of \$500.

continued

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Environmental matters:

As of December 31, 2003, the Company is not aware of any violation with respect to environmental issues that need to be considered.

Prior year summarized information:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should only be read in conjunction with the Organization's financial statements for the year ended December 31, 2002, from which the summarized information was derived.

NOTE C - PLEDGES RECEIVABLE

Unconditional promises to give at December 31, 2003 and 2002 are as follows:

	2003	2002
Receivable in less than one year	\$ 139,977	\$ 310,205
Receivable in one to five years	<u>33,507</u>	<u>237,759</u>
Total unconditional promises to give	173,483	547,964
Less discounts to net present value	5,784	25,370
Less allowance for uncollectible promises	<u>56,549</u>	<u>86,986</u>
	<u>\$ 111,150</u>	<u>\$ 435,608</u>

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2003 and 2002:

CHAMBER

	2003			2002	
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	
Furniture and fixtures	\$ 7,189	\$ -	\$ 5,588	\$ 1,601	\$ 7,189
Office equipment	73,940	11,894		85,834	73,940
Transportation equipment	28,687	-		28,687	28,687
	<u>\$ 109,816</u>	<u>\$ 11,894</u>	<u>\$ 5,588</u>	116,122	109,816
Accumulated depreciation				59,574	48,493
				56,548	61,323
Land				500	500
Property and equipment, net				<u>\$ 57,048</u>	<u>\$ 61,823</u>

FOUNDATION

	2003			2002	
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	
Buildings and improvements held for lease	\$ 1,216,131	\$ -	\$ -	\$ 1,216,131	\$ 1,216,131
Furniture and fixtures	61,509	-	-	61,509	61,509
Office equipment	60,607	8,285	-	68,892	60,607
	<u>\$ 1,338,247</u>	<u>\$ 8,285</u>	<u>\$ -</u>	1,346,532	1,338,247
Accumulated depreciation				439,783	376,774
				906,749	961,473
Land				309,500	309,500
Property and equipment, net				<u>\$ 1,216,249</u>	<u>\$ 1,270,973</u>

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE E – LONG-TERM DEBT

Following is a summary of long-term debt at December 31, 2003:

Note payable to Ford Motor Credit in monthly installments of \$531, including interest at 0.00%, payable through 12/2004, secured by equipment.	\$ 6,370
Less current maturities	<u>6,370</u>
Long-term debt, less current maturities	<u>\$ 0</u>

Maturities of long-term debt, other than compensated absences, are as follows:

2004	\$ 6,370
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NOTE F - RELATED PARTY

The Chamber shares certain expenses with The Foundation. Both non-profit organizations are housed in the same building and the Foundation reimburses the Chamber monthly. At December 31, 2003 and 2002 the Foundation owed the Chamber \$6,052 and \$73,524, respectively, for the net expenses allocated on its behalf. In December 1993, the Chamber and the Foundation relocated to the Foundation's new building. The Chamber occupied the building rent-free until December 31, 1995 and the two organizations shared occupancy expenses. Beginning January 1, 1996, the Chamber began paying rent on a month-to-month basis to the Foundation in lieu of sharing occupancy expenses. Rent amounted to \$30,000, annually for the years ended December 31, 2003 and 2002.

NOTE G – LEASES

The Foundation leases office space to various entities. All leases in effect at December 31, 2003 were on a month-to-month basis as the initial lease periods in each instance had expired. *Rental income was \$105,180 and \$102,130 in 2003 and 2002, respectively. Included in these amounts is the rental income from the Chamber as referred to in Note F.*

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE H – RETIREMENT PLAN

The Chamber and the Foundation have a contributory retirement plan covering substantially all personnel. The Chamber and the Foundation together contribute a total of five percent of the employees' salary. Additionally, the Chamber and the Foundation match up to five percent of eligible employees' total salary based on the employees' salary deferral. Total retirement expense for the years ended December 31, 2003 and 2002 was \$31,023 and \$25,577, respectively.

NOTE I – COMMITMENT

The Chamber has an employment contract with its President. At December 31, 2003, the contract was on a year-to-year renewal. The contract automatically renews each year unless terminated by either party with advance notice. In the event of contract termination by the Chamber, the President may be entitled to twelve months salary and benefits. Subsequent to December 31, 2003, an agreement was initiated and approved whereby the contract period of the President will end on December 31, 2004. Also subsequent to December 31, 2003, an agreement was initiated and approved whereby the President receives additional funds upon completion of the contract period for consulting services for a period of one year subsequent to the contract period ending date of December 31, 2004.

During 2003, the Chamber and the Foundation entered into a contract for services in conjunction with the 2004-2008 pledge campaign. The anticipated cost of the feasibility analysis is approximately \$26,000 and the anticipated base cost associated with the campaign is \$232,000. The contract also has an additional service fee of 5% of the amount raised in excess of the goal set by the Organization. By December 31, 2003, the Organization had remitted payments toward this commitment totaling \$23,072.

NOTE J - CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS

The Chamber maintains cash balances in two bank accounts. Each account is insured by the Federal Deposit Insurance Corporation up to \$100,000. One of these account balances exceeded this insurance limit by a total of \$184,143 at December 31, 2003 and \$129,237 at December 31, 2002.

The Foundation maintains a cash balance in one bank account, which is insured by the Federal Deposit Insurance Corporation up to \$100,000. The account balance exceeded this insurance limit by \$331,081 at December 31, 2003 and \$299,822 at December 31, 2002.

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

COMBINED NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE K - TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted net assets are available for the following purposes:

Fixed assets restricted to specific use and entity type: \$750,000

Building donated on January 15, 1993 must be used as "The Willis Noland Resource Center" and the organization must continue being an entity type described in 501(c)(3) or Section 170(c)(1) of the Internal Revenue Code of 1986.

Beginning of year	\$775,000
Current year depreciation	<u>(25,000)</u>
End of year	<u>\$750,000</u>

NOTE L - PERMANENTLY RESTRICTED NET ASSETS

The Foundation's permanently restricted net assets are available for the following purposes:

Fixed assets restricted to specific use and entity type: \$200,000

Land donated on January 15, 1993 must be used as "The Willis Noland Resource Center" and the organization must continue being an entity type described in 501(c)(3) or Section 170(c)(1) of the Internal Revenue Code of 1986.

SUPPLEMENTAL INFORMATION

Tax
Accounting and Auditing
Financial Planning and Forecasting
Estate Planning
Management Advisory Services
Small Business Accounting Services

MEMBERS

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

Robert G. Dunn
CPA



**DUNN, ROBERTS
& COMPANY, LLC**

Board of Directors
The Chamber/Southwest Louisiana and
The Foundation/Southwest Louisiana
Lake Charles, Louisiana

Sara A. Roberts
CPA

We have audited the financial statements of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana (nonprofit organizations) as of and for the year ended December 31, 2003, and have issued our report thereon dated October 29, 2004. 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.

Donita G. Helms
CPA

Compliance

As part of obtaining reasonable assurance about whether The Chamber/Southwest Louisiana's and The Foundation/Southwest Louisiana'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 one instance of *noncompliance that is required to be reported under Government Auditing Standards*. The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana did not meet the statutory completion date for filing the annual audit with the Legislative Auditor's office. The statutory completion date was June 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Chamber/Southwest Louisiana's and The Foundation/Southwest Louisiana'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 over financial reporting 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 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. We have noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana in a separate letter dated October 29, 2004.



DUNN, ROBERTS
& COMPANY, LLC

This report is intended for the information and use of the Board of Directors, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Dunn, Roberts & Company, LLC
DUNN, ROBERTS & COMPANY, LLC

Lake Charles, Louisiana
October 29, 2004

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana

SCHEDULE OF COMMITTEE AND PROGRAM INCOME

December 31, 2003
 (with comparative amounts for December 31, 2002)

Committee and Programs	December 31, 2003			December 31, 2002		
	Revenue	Expenses	Net Income	Revenue	Expenses	Net Income
Annual banquet	\$ 45,818	\$ 40,581	\$ 5,237	\$ 69,769	\$ 57,190	\$ 12,579
Annual luncheon	8,225	6,652	1,573	9,957	7,283	2,674
Annual golf tournament	27,415	17,687	9,728	30,580	19,025	11,555
Membership directory	21,267	15,681	5,586	25,810	19,756	6,054
Business after hours	3,990	3,327	663	3,153	3,243	(90)
Early bird breakfasts	4,459	3,426	1,033	386	829	(443)
Leadership	15,447	11,396	4,051	16,451	10,176	6,275
LIDEA	-	-	-	-	827	(827)
Miscellaneous	11,554	11,689	(135)	16,111	18,484	(2,373)
Quality day	10,395	8,667	1,728	8,025	7,063	962
Seminars	-	207	(207)	14,298	12,074	2,224
	<u>\$ 148,570</u>	<u>\$ 119,313</u>	<u>\$ 29,257</u>	<u>\$ 194,540</u>	<u>\$ 155,950</u>	<u>\$ 38,590</u>

CORRECTIVE ACTION PLAN

Name of Project: The Chamber/Southwest Louisiana and
The Foundation/Southwest Louisiana
Auditor/Audit Firm: Sara A. Roberts, CPA/Dunn, Roberts & Company, LLC
Audit Period: January 1, 2003 – December 31, 2003

The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana respectfully submits the following corrective action plan for the audit period referenced above.

Noncompliance with state law

Condition: The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana did not meet the statutory completion date for filing the annual audit with the Legislative Auditor's office. The statutory completion date was June 30, 2004.

Criteria: Although no effect to the Chamber and the Foundation is contemplated, internal controls should be in place to meet this deadline.

Effect: A statement of notification was filed with the Legislative Auditor's office and no effect should exist.

Recommendation: Procedures should be implemented to ensure the timely completion of year-end financial statements in order to adhere to all deadlines.

Response: Management of the Chamber and the Foundation is aware of the deadlines. Currently, staff capacity is being assessed. Management has made it a priority to make necessary assessments in order to facilitate compliance with the statutory deadlines.

Tax
Accounting and Auditing
Financial Planning and Forecasting
Estate Planning
Management Advisory Services
Small Business Accounting Services

MEMBERS

To the Board of Directors
The Chamber/Southwest Louisiana and
The Foundation/Southwest Louisiana
Lake Charles, Louisiana

Robert G. Dunn
CPA

In planning and performing our audit of the financial statements of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana as of and for the year ended December 31, 2003, we considered, among other things, its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Sara A. Roberts
CPA

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiencies. This letter does not affect our report dated October 29, 2004 on the financial statements of The Chamber/Southwest Louisiana and The Foundation/Southwest Louisiana.

We will be pleased, if requested, to discuss the attached comments in further detail, to perform any additional study of these matters, or to assist you in implementing these recommendations.

Donita G. Helms
CPA

This report is intended solely for the information and use of the Board of Directors, management and others within the organizations, and is not intended to be and should not be used by anyone other than these specified parties.

Dunn, Roberts & Company, LLC

DUNN, ROBERTS & COMPANY, LLC
Lake Charles, Louisiana
October 29, 2004



DUNN, ROBERTS
& COMPANY, LLC

MANAGEMENT LETTER COMMENT

December 31, 2003

BANK STATEMENT CONTROL AND CASH DISBURSEMENT PROCEDURES

Because segregation of duties are in need of being strengthened, we recommend that a designated member of management having no responsibilities for handling or recording deposits, disbursements, accounts receivable or revenue first open the bank statement. The designated member of management should review the contents of the statements before they are reconciled. Specific items that management should be alert to include:

- Missing checks
- Checks issued out of sequence
- Unknown payees
- Checks that appear to have been altered
- Checks not signed by authorized signatories
- Other unusual items

Additionally, a member of management should review the reconciliation after it is performed.

We further recommend that after checks are signed, they be given to an individual to mail that is independent of the cash receipts, cash disbursements, and general ledger functions.

Management Response: Management agrees with the recommendation. The President or a designee of the President will receive the bank statement unopened. A review of the bank statement along with the supporting documents received with the bank statement will be conducted prior to the reconciliation being performed by the accounting department. Additionally, the President will designate someone in the office to mail all disbursement checks. The disbursement checks will be forwarded to the designee for distribution. The accounting department will receive only the canceled invoices for filing.