

**BATON ROUGE AREA CHAMBER**  
**BATON ROUGE, LOUISIANA**

Audits of Consolidated Financial Statements

December 31, 2021 and 2020



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## Independent Auditor's Report

To the Board of Directors  
Baton Rouge Area Chamber and  
The Greater Baton Rouge Economic Partnership, Inc.  
Baton Rouge, Louisiana

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. (the Organization) which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statement of financial position as of December 31, 2021 and consolidating statement of activities for the year ended December 31, 2021 are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying schedule of compensation, benefits, and other payments to chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A(3) is also presented for purpose of additional analysis and is not a required part of the financial statements. 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 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, on our consideration of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s 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 Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA  
June 8, 2022

**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Financial Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,965,684	\$ 2,166,944
Membership Dues Receivable, Net	31,668	115,486
Grants Receivable	38,489	71,300
Other Receivables	89,662	27,726
Due from Related Party	43,227	33,024
Prepaid Expenses	23,801	12,361
<b>Total Current Assets</b>	<b>3,192,531</b>	<b>2,426,841</b>
<b>Property and Equipment, Net</b>	<b>2,817,374</b>	<b>3,006,773</b>
<b>Other Assets</b>		
Cash and Cash Equivalents - Held for Others	910,867	606,287
<b>Total Other Assets</b>	<b>910,867</b>	<b>606,287</b>
<b>Total Assets</b>	<b>\$ 6,920,772</b>	<b>\$ 6,039,901</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Funds Held in Custody	\$ 910,867	\$ 606,287
Accounts Payable	140,128	67,472
Accrued Expenses	122,045	157,616
Current Maturities of Notes Payable	1,447,262	367,214
Unearned Revenue	150,537	229,270
<b>Total Current Liabilities</b>	<b>2,770,839</b>	<b>1,427,859</b>
<b>Notes Payable, Net of Deferred Financing Costs</b>	<b>430,174</b>	<b>1,207,701</b>
<b>Total Liabilities</b>	<b>3,201,013</b>	<b>2,635,560</b>
<b>Net Assets</b>		
Without Donor Restrictions		
Undesignated	1,449,645	2,451,501
Designated by the Board for Reserve Fund	2,270,114	952,840
<b>Total Net Assets</b>	<b>3,719,759</b>	<b>3,404,341</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,920,772</b>	<b>\$ 6,039,901</b>

The accompanying notes are an integral part of these consolidated financial statements.

**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Activities**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Changes in Net Assets Without Donor Restrictions</b>		
<b>Revenues</b>		
Contributions	\$ 2,819,115	\$ 2,765,552
In-Kind Contributions	752,071	743,016
Event Admissions and Sponsorships	134,199	124,165
Membership Dues	369,801	381,162
Leadership Program	41,500	43,150
Grants		
City of Baton Rouge/Parish of East Baton Rouge	339,500	339,500
Louisiana Economic Development	241,467	244,914
Other	256,446	180,115
Interest Income	12,258	12,299
Other Income	505,470	116,757
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>5,471,827</b>	<b>4,950,630</b>
<b>Net Assets Released from Donor Restrictions</b>	<b>167,000</b>	<b>42,000</b>
	<hr/>	<hr/>
<b>Total Revenues and Reclassifications</b>	<b>5,638,827</b>	<b>4,992,630</b>
	<hr/>	<hr/>
<b>Expenses</b>		
<b>Program Services</b>		
Marketing, Membership, and Events	1,468,514	1,328,553
Business Development	1,411,301	1,259,977
Economic Competitiveness	647,326	601,743
Governmental Affairs	146,276	159,587
	<hr/>	<hr/>
<b>Total Program Services</b>	<b>3,673,417</b>	<b>3,349,860</b>
	<hr/>	<hr/>

The accompanying notes are an integral part of these consolidated financial statements.

**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Activities (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>General and Administrative</b>		
Personnel	712,713	767,806
Professional Services	344,950	250,870
Occupancy	266,627	182,063
General Office	149,118	118,493
Bad Debt	69,630	117,780
Travel and Hosting	56,113	54,236
Interest Expense	45,099	27,952
Other	5,742	17,990
	<hr/>	<hr/>
<b>Total General and Administrative</b>	<b>1,649,992</b>	<b>1,537,190</b>
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>5,323,409</b>	<b>4,887,050</b>
	<hr/>	<hr/>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>315,418</b>	<b>105,580</b>
	<hr/>	<hr/>
<b>Changes in Net Assets With Donor Restrictions</b>		
<b>Revenues</b>		
Contributions	167,000	42,000
Net Assets Released from Donor Restrictions	(167,000)	(42,000)
	<hr/>	<hr/>
<b>Change in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Change in Total Net Assets</b>	<b>\$ 315,418</b>	<b>\$ 105,580</b>
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The accompanying notes are an integral part of these consolidated financial statements.



**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Changes in Net Assets**  
**For the Years Ended December 31, 2021 and 2020**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Net Assets, January 1, 2020</b>	\$ 3,298,761	\$ -	\$ 3,298,761
Increase in Net Assets	105,580	-	105,580
<b>Net Assets, December 31, 2020</b>	3,404,341	-	3,404,341
Increase in Net Assets	315,418	-	315,418
<b>Net Assets, December 31, 2021</b>	<u>\$ 3,719,759</u>	<u>\$ -</u>	<u>\$ 3,719,759</u>

The accompanying notes are an integral part of these consolidated financial statements.

**BATON ROUGE AREA CHAMBER**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 315,418	\$ 105,580
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Amortization included in Interest	2,479	2,479
Depreciation	195,366	195,923
Bad Debt Expense	69,630	118,493
Forgiveness of Paycheck Protection Program Loan	(291,600)	-
Decrease (Increase) in:		
Membership Dues Receivable	14,188	(103,547)
Grants Receivable	32,811	(58,150)
Other Receivables	(61,936)	48,712
Due from Related Party	(10,203)	(9,554)
Prepaid Expenses	(11,440)	3,177
Increase (Decrease) in:		
Accounts Payable	72,656	(119,076)
Accrued Expenses	(35,571)	45,804
Unearned Revenue	(78,733)	(60,469)
<b>Net Cash Provided by Operating Activities</b>	<b>213,065</b>	<b>169,372</b>
<b>Cash Flows from Investing Activities</b>		
Acquisitions of Property and Equipment	(5,967)	(6,380)
<b>Net Cash Used in Investing Activities</b>	<b>(5,967)</b>	<b>(6,380)</b>
<b>Cash Flows from Financing Activities</b>		
Amounts Received on Behalf of Others - Funds Held in Custody	409,963	346,108
Amounts Paid Out on Behalf of Others - Funds Held in Custody	(105,383)	(119,263)
Proceeds from Paycheck Protection Program Loan	798,140	291,600
Payments on Notes Payable	(206,498)	(328,968)
<b>Net Cash Provided by Financing Activities</b>	<b>896,222</b>	<b>189,477</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,103,320</b>	<b>352,469</b>
<b>Cash and Cash Equivalents and Restricted Cash, Beginning of Year</b>	<b>2,773,231</b>	<b>2,420,762</b>
<b>Cash and Cash Equivalents and Restricted Cash, End of Year</b>	<b>\$ 3,876,551</b>	<b>\$ 2,773,231</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid for Interest	\$ 42,260	\$ 24,792
<b>Reconciliation of Cash and Cash Equivalents and Restricted Cash</b>		
Cash and Cash Equivalents	\$ 2,965,684	\$ 2,166,944
Cash and Cash Equivalents - Held for Others	910,867	606,287
	<b>\$ 3,876,551</b>	<b>\$ 2,773,231</b>

The accompanying notes are an integral part of these consolidated financial statements.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

##### **Nature of Activities**

The Baton Rouge Area Chamber (BRAC) was incorporated on September 22, 1948 as a public non-profit organization under Internal Revenue Code Section 501(c)(6). BRAC's mission is leading economic development in the nine-parish Baton Rouge area. The major programs and objectives are as follows:

- Business Development - Create an environment which attracts new and expanded business investment and development;
- Governmental Affairs - Advocate public policy positions that positively impact the business community;
- Community Development and Leadership - Build a learning community focused on creating a high-quality education system while developing the next generation of leaders;
- Business Intelligence - Conduct research on public policy issues affecting business development in the region;
- Marketing - Develop and implement a plan that promotes the Baton Rouge region to prospective companies; and
- Membership Activities - Provide a venue that allows members to promote their businesses.

The major sources of funding are from contributions, membership dues, and grants from the State of Louisiana and the City of Baton Rouge/Parish of East Baton Rouge.

The Greater Baton Rouge Economic Partnership, Inc. (GBREP) was incorporated on April 19, 1994 as a public non-profit organization under Internal Revenue Code Section 501(c)(3). According to its by-laws, GBREP's mission is to benefit and increase the quality of life of the general public in and around the Baton Rouge area by promoting and supporting activities and functions that attract business, educate the public, and create jobs that increase economic growth and development in the region.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc., which are not-for-profit organizations that are controlled by the Board of Directors (the Board) of BRAC. Intercompany transactions and balances have been eliminated in consolidation.

##### **Basis of Accounting**

BRAC and GBREP, Inc. (collectively referred to as the Organization) prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Estimates are used primarily when accounting for the allowance for doubtful accounts and bad debt expense, unearned revenue, and accrued absences.

##### **Cash and Cash Equivalents**

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

##### **Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with estimated lives between 3 and 40 years. When property is retired or otherwise disposed of, applicable amounts are removed from the related asset and accumulated depreciation accounts, and the resulting gain or loss is recognized.

##### **Contributed Support**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a reserve fund that may be drawn upon in times of emergency, to cover temporary cash needs, or for other cash needs in accordance with the policy. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. There were no net assets with donor restrictions at December 31, 2021 and 2020.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Revenue Recognition

##### Membership Dues

Membership dues are comprised of an exchange element based on the benefits provided over a period of time. The Organization recognizes membership dues revenue over the one-year membership period. As a practical expedient, the Organization uses the portfolio approach for annual membership dues paid by month.

The following table provides information about significant changes in the contract liabilities related to membership dues for the years ended December 31, 2021 and 2020:

	2021	2020
<b>Unearned membership dues, beginning of year</b>	<b>\$ 229,270</b>	\$ 235,389
Revenue recognized that was included in unearned membership dues	<b>(369,801)</b>	(381,162)
Increase in unearned revenue due to cash received during the period	<b>269,068</b>	375,043
<b>Unearned membership dues, end of year</b>	<b>\$ 128,537</b>	\$ 229,270

Membership dues receivables are recorded at cost, net of an allowance for doubtful accounts. Membership dues receivable, net totaled \$130,432 at January 1, 2020. The Organization establishes an allowance for doubtful accounts based on historical experience and any specific collection issues that have been identified. Uncollectible receivables are written off against the allowance for doubtful accounts when the Organization determines the balance will not be collected. At December 31, 2021 and 2020, the allowance for doubtful accounts totaled \$132,277 and \$142,609, respectively.

##### Grant Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable city and state grant, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. There were no refundable advances at December 31, 2021 and 2020.

##### Event Admissions and Sponsorships

The Organization recognizes revenue from ticket sales for event admission at the time of admission. The Organization records event sponsorships equal to the fair value of conditional direct benefits to donors when the event takes place.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Revenue Recognition (Continued)

##### Event Admissions and Sponsorships (Continued)

The following table provides information about significant changes in the contract liabilities related to event admissions and sponsorships for the years ended December 31, 2021 and 2020:

	2021	2020
<b>Unearned event admissions and sponsorships, beginning of year</b>	<b>\$ -</b>	<b>\$ -</b>
Revenue recognized that was included in unearned event admissions and sponsorships	-	-
Increase in unearned revenue due to cash received during the period	<b>22,000</b>	-
<b>Unearned event admissions and sponsorships, end of year</b>	<b>\$ 22,000</b>	<b>\$ -</b>

##### Contributions

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a benefit interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. There were no unconditional promises to give at December 31, 2021 and 2020. There were no conditional promises to give at December 31, 2021.

BRAC had secured five-year campaign conditional pledge commitments of approximately \$2,990,650 per year through December 31, 2020. Receipts on conditional pledges totaled \$2,765,552 for the year ended December 31, 2020. There were no conditional pledges receivable at December 31, 2020 relating to currently billed pledge payments for the economic development campaign as the campaign cycle ended on December 31, 2020. Outstanding conditional pledges for 2021, which is outside of a five-year campaign cycle, totaled \$1,660,028 at December 31, 2020.

##### In-Kind Contributions

Donated services and materials, if significant in amount, are recorded as in-kind services, at the time the service is performed, provided the donor has a clearly measurable and objective basis for determining their value. No value is assigned to other donated items if there is no ascertainable basis for assigning value.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Deferred Financing Costs**

The Organization follows Accounting Standards Update (ASU) 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Deferred financing costs of \$12,397 are being amortized over the term of the applicable note as a component of interest expense. These costs are presented net of accumulated amortization of \$10,455 and \$7,976 at December 31, 2021 and 2020, respectively.

##### **Vacation Leave**

Vacation leave is earned at varying rates from two to three weeks per year depending on length of service. A maximum of two or three weeks, depending on length of service, of unused vacation leave may be carried over at year end; however, additional time may be awarded at the discretion of management. Accordingly, \$89,875 and \$98,182 related to such unused vacation leave has been accrued at December 31, 2021 and 2020, respectively.

##### **Income Taxes**

BRAC is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. GBREP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

To maintain the tax-deductible status of member dues, the BRAC limits for political-related activity to 12%.

##### **Advertising**

The Organization expenses advertising costs as they are incurred. Advertising costs of \$4,968 and \$2,009 were incurred during the years ended December 31, 2021 and 2020, respectively.

##### **Functional Allocation of Expenses**

The costs of providing various program and supporting activities have been summarized on a functional basis in the financial statements. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses, with the exception of interest expense and occupancy expense, are allocated on the basis of estimates of time and effort. Interest expense and occupancy expenses are specifically identified to a program or supporting function.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Recent Accounting Pronouncements Not Yet Adopted

In January 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 will be effective for the Organization in the year ending December 31, 2022. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

On November 17, 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832), which requires business entities to disclose information about transactions with a government that are accounted for by applying a grant or contribution model by analogy. This could include various forms of government assistance, but excludes transactions in the scope of specific generally accepted accounting principles in the United States of America (U.S. GAAP), such as tax incentives accounted for under ASC 740, Income Taxes. For transactions in the scope of the new standard, business entities will need to provide information about the nature of the transaction, including significant terms and conditions, as well as the amounts and specific financial statement line items affected by the transaction. ASU 2021-10 will be effective for the Organization in the year ending December 31, 2022. The adoption of ASU 2021-10 is not expected to have a material effect on the consolidated financial statements.

#### Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Cash and Cash Equivalents	\$ 2,965,684	\$ 2,166,944
Other Receivable	89,662	27,726
Due from Related Party	43,227	33,024
Grants Receivable	38,489	71,300
Membership Dues Receivable, Net	31,668	115,486
<b>Total</b>	<b>\$ 3,168,730</b>	<b>\$ 2,414,480</b>



## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 2. Liquidity and Availability (Continued)

As part of the Organization's liquidity management plan, the Organization maintains balances in excess of daily requirements in cash and cash equivalents. The Board designates on an annual basis a reserve fund, that may be drawn upon in times of emergency, to cover temporary cash needs, or for other cash requirements in accordance with the policy, a target amount of three months of current year budgeted expenditures. BRAC's operating surpluses may also be deposited into the reserve fund.

#### Note 3. Property and Equipment, Net

Property and equipment, net at December 31, 2021 and 2020, consisted of the following:

Description	Service Life	2021	2020
Building and Improvements	10 - 40 Years	\$ 3,719,502	\$ 3,719,502
Computer Equipment and Software	3 - 5 Years	471,966	465,999
Office Equipment	5 - 15 Years	46,292	46,292
Furniture and Fixtures	5 Years	338,718	338,718
Land	-	68,259	68,259
		<u>4,644,737</u>	<u>4,638,770</u>
Less: Accumulated Depreciation		<u>(1,827,363)</u>	<u>(1,631,997)</u>
<b>Property and Equipment, Net</b>		<b>\$ 2,817,374</b>	<b>\$ 3,006,773</b>

Depreciation expense was \$195,366 and 195,923 for the years ended December 31, 2021 and 2020, respectively.

#### Note 4. Retirement Plan

The Organization has a 401(k)-retirement plan for all employees older than 21 years of age. The entrance dates of the plan are monthly. Effective January 1, 2016, the 401(k)-retirement plan was amended to include a 30-day minimum service requirement to enroll in the plan. At that time, the employee will be automatically enrolled with a 6% employee contribution with the option to subsequently adjust. An employee becomes fully vested upon his participation. The plan provides for a safe harbor qualified employer match of 100% of the employee's contribution up to 6% of his pay. The Organization's contributions for the years ended December 31, 2021 and 2020 were \$131,123 and 133,078, respectively.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 5. Related-Party Transactions

The Organization provides FuturePAC, LLC (FuturePAC) (a political action committee) with incidental administrative support. The amount charged to FuturePAC for this support totaled \$5,000 and \$2,500 for the years ended December 31, 2021 and 2020, respectively. Amounts due from FuturePAC for various expenses paid by the Organization on behalf of FuturePAC totaled \$43,227 and \$33,024 for the years ended December 31, 2021 and 2020, which is included in due from related party on the consolidated statement of financial position. FuturePAC has not been included in these consolidated financial statements because it does not meet the requirements for consolidation.

During the normal course of business, the Organization purchases the services and/or materials and supplies provided by businesses associated with certain members of the Organization's Board of Directors. During 2021 and 2020, the Organization incurred costs of approximately \$62,207 and \$26,189, respectively, relating to services received from businesses associated with certain board members.

#### Note 6. Funds Held in Custody

The Organization acts as a fiscal agent for three organizations that do not have their own accounting function. As of December 31, 2021 and 2020, the Organization held \$910,867 and \$606,287, respectively, on behalf of these organizations.

#### Note 7. Notes Payable

Notes payable at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Note payable to a bank, original amount of \$1,900,000, interest at 3.80%, secured by building, monthly interest only payments through April 2019, monthly principal and interest payments of \$10,270 beginning May 2019, but deferred from April 2020 to September 2020, with all unpaid principal and interest due at maturity on October 19, 2022.	\$ 1,081,238	\$ 1,287,736
Payroll Protection Program Loan (see below)	798,140	291,600
	<u>1,879,378</u>	1,579,336
Less: Current Portion of Notes Payable	(1,447,262)	(367,214)
Less: Deferred Financing Costs	(1,942)	(4,421)
	<u>(1,449,204)</u>	<u>(471,635)</u>
<b>Total</b>	<b>\$ 430,174</b>	<b>\$ 1,207,701</b>

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 7. Notes Payable (Continued)

##### Payroll Protection Program Loan

The Organization obtained multiple loans under the Payroll Protection Program (PPP) at various times. The PPP Flexibility Act of 2020 delayed repayment of principal and interest until the date that the forgiveness amount is remitted to the lender by the Small Business Administration (SBA). Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met.

BRAC obtained a \$330,423 loan from Citizens Bank & Trust under the PPP in February 2021. BRAC applied for forgiveness with the lender in 2021 and received forgiveness of \$330,423 from the SBA on February 22, 2022. The amount of loan forgiveness will be reported as a component of other income in 2022.

BRAC obtained a \$244,128 loan from the Bank of St. Francisville under the PPP in June 2021. The promissory note provides for monthly installments of \$5,600 including interest at 1% from September 27, 2022 through May 27, 2026. BRAC intends to apply and based on guidance as of December 31, 2021, expects to achieve full forgiveness of the loan and accrued interest. The short-term portion of the loan is \$18,582 at December 31, 2021 under the terms of the loan.

GBREP obtained a 291,600 loan from Citizens Bank & Trust under the PPP in April 2020. The promissory note provides for monthly installments of \$16,329 including interest at 1% from November 22, 2020 through April 22, 2022. The Organization applied for forgiveness with the lender in 2021 and received forgiveness of \$291,600 from the SBA on February 12, 2021. The amount of loan forgiveness is reported as a component of other income in 2021.

GBREP obtained a \$223,590 loan from the Bank of St. Francisville under the PPP in June 2021. The promissory note provides for monthly installments of \$5,129 including interest at 1% from September 27, 2022 through May 27, 2026. GBREP intends to apply and based on guidance as of December 31, 2021, expects to achieve full forgiveness of the loan and accrued interest. The short-term portion of the loan is \$17,019 at December 31, 2021 under the terms of the loan.

The SBA may undertake a review of a loan any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether the Organization received the proper loan amount. The timing and outcome of any SBA review is not known.

## BATON ROUGE AREA CHAMBER

### Notes to Consolidated Financial Statements

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#### Note 7. Notes Payable (Continued)

The principal maturities of the note payable as of December 31<sup>st</sup>, are as follows:

Year Ending December 31,	Amount
2022	\$ 1,447,262
2023	124,999
2024	126,255
2025	127,523
2026	53,339
<b>Total</b>	<b>\$ 1,879,378</b>

The Organization has a financial debt covenant associated with the above notes payable, whereas the Organization must maintain a debt service coverage ratio of at least 1.20 to 1. As of December 31, 2021, the Organization was in compliance with this covenant.

#### Note 8. Operating Leases

The Organization has an operating lease for various office equipment with a base rent of \$1,385 per month that expires in December 2024. Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2022	\$ 16,623
2023	16,623
2024	16,623
<b>Total</b>	<b>\$ 49,869</b>

Rent expense during the years ended December 31, 2021 and 2020 was \$24,843 and 11,510, respectively.

## **BATON ROUGE AREA CHAMBER**

### **Notes to Consolidated Financial Statements**

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#### **Note 9. Concentrations of Credit Risk**

The Organization periodically maintains cash in bank accounts in excess of federally insured limits. The Organization has not experienced any losses and does not believe that significant credit risks exist as a result of this practice. At December 31, 2021 and 2020, \$3,325,860 and \$2,272,781 of cash and cash equivalents are uninsured.

#### **Note 10. Income Taxes**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in general and administrative expenses.

#### **Note 11. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 8, 2022 and determined that no other events occurred that require disclosure:

On February 22, 2022 BRAC received forgiveness from the lender for one its PPP Loan totaling \$330,423. The amount of loan forgiveness will be reported as a component of other income in 2022.

No subsequent events occurring after June 8, 2022 have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**BATON ROUGE AREA CHAMBER**  
**Consolidating Statement of Financial Position**  
**December 31, 2021**

**Schedule I**

	<b>BRAC</b>	<b>GBREP</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 2,817,444	\$ 148,240	\$ -	\$ 2,965,684
Membership Dues Receivable, Net	31,668	-	-	31,668
Grants Receivable	-	38,489	-	38,489
Other Receivables	87,012	2,650	-	89,662
Due from Related Party	-	6,761,392	(6,718,165)	43,227
Prepaid Expenses	23,801	-	-	23,801
<b>Total Current Assets</b>	<b>2,959,925</b>	<b>6,950,771</b>	<b>(6,718,165)</b>	<b>3,192,531</b>
<b>Property and Equipment, Net</b>	<b>2,817,374</b>	<b>-</b>	<b>-</b>	<b>2,817,374</b>
<b>Other Assets</b>				
Cash and Cash Equivalents - Held for Others	-	910,867	-	910,867
<b>Total Other Assets</b>	<b>-</b>	<b>910,867</b>	<b>-</b>	<b>910,867</b>
<b>Total Assets</b>	<b>\$ 5,777,299</b>	<b>\$ 7,861,638</b>	<b>\$ (6,718,165)</b>	<b>\$ 6,920,772</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Funds Held in Custody	\$ -	\$ 910,867	\$ -	\$ 910,867
Accounts Payable	122,984	17,144	-	140,128
Accrued Expenses	122,045	-	-	122,045
Due to Related Party	6,718,165	-	(6,718,165)	-
Current Maturities of Notes Payable	1,430,243	17,019	-	1,447,262
Unearned Revenue	150,537	-	-	150,537
<b>Total Current Liabilities</b>	<b>8,543,974</b>	<b>945,030</b>	<b>(6,718,165)</b>	<b>2,770,839</b>
<b>Notes Payable, Net of Deferred Financing Costs</b>	<b>223,603</b>	<b>206,571</b>	<b>-</b>	<b>430,174</b>
<b>Total Liabilities</b>	<b>8,767,577</b>	<b>1,151,601</b>	<b>(6,718,165)</b>	<b>3,201,013</b>
<b>Net Assets</b>				
Without Donor Restrictions				
Undesignated	(5,260,392)	6,710,037	-	1,449,645
Designated by the Board for Reserve Fund	2,270,114	-	-	2,270,114
	(2,990,278)	6,710,037	-	3,719,759
With Donor Restrictions				
	-	-	-	-
<b>Total Net Assets</b>	<b>(2,990,278)</b>	<b>6,710,037</b>	<b>-</b>	<b>3,719,759</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,777,299</b>	<b>\$ 7,861,638</b>	<b>\$ (6,718,165)</b>	<b>\$ 6,920,772</b>

**BATON ROUGE AREA CHAMBER  
Consolidating Statement of Activities  
For the Years Ended December 31, 2021**

**Schedule II**

	<b>BRAC</b>	<b>GBREP</b>	<b>Eliminations</b>	<b>Total</b>
<b>Changes in Net Assets Without Donor Restrictions</b>				
<b>Revenues</b>				
Contributions	\$ 2,339,115	\$ 480,000	\$ -	\$ 2,819,115
In-Kind Contributions	752,071	-	-	752,071
Event Admissions and Sponsorships	96,699	37,500	-	134,199
Membership Dues	369,401	400	-	369,801
Leadership Program	-	41,500	-	41,500
Grants				
City of Baton Rouge/Parish of East Baton Rouge	-	339,500	-	339,500
Louisiana Economic Development	-	241,467	-	241,467
Other	221,772	34,674	-	256,446
In-Kind Operational Contributions	-	1,535,104	(1,535,104)	-
Interest Income	12,258	-	-	12,258
Other Income	206,491	298,979	-	505,470
<b>Total Revenues</b>	<b>3,997,807</b>	<b>3,009,124</b>	<b>(1,535,104)</b>	<b>5,471,827</b>
<b>Net Assets Released from Donor Restrictions</b>	<b>90,000</b>	<b>77,000</b>	<b>-</b>	<b>167,000</b>
<b>Total Revenues and Reclassifications</b>	<b>4,087,807</b>	<b>3,086,124</b>	<b>(1,535,104)</b>	<b>5,638,827</b>
<b>Expenses</b>				
<b>Program Services</b>				
Marketing, Membership, and Events	1,347,924	120,590	-	1,468,514
Business Development	344,149	1,067,152	-	1,411,301
Economic Competitiveness	488,279	159,047	-	647,326
Governmental Affairs	117,428	28,848	-	146,276
<b>Total Program Services</b>	<b>2,297,780</b>	<b>1,375,637</b>	<b>-</b>	<b>3,673,417</b>
<b>General and Administrative</b>				
Personnel	462,628	250,085	-	712,713
Professional Services	344,950	-	-	344,950
Occupancy	146,887	119,740	-	266,627
General Office	71,942	77,176	-	149,118
Bad Debt	69,630	-	-	69,630
Travel and Hosting	55,995	118	-	56,113
Interest Expense	45,099	-	-	45,099
Other	5,742	-	-	5,742
In-Kind Operational Contributions	1,535,104	-	(1,535,104)	-
<b>Total General and Administrative</b>	<b>2,737,977</b>	<b>447,119</b>	<b>(1,535,104)</b>	<b>1,649,992</b>
<b>Total Expenses</b>	<b>5,035,757</b>	<b>1,822,756</b>	<b>(1,535,104)</b>	<b>5,323,409</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(947,950)</b>	<b>1,263,368</b>	<b>-</b>	<b>315,418</b>
<b>Changes in Net Assets With Donor Restrictions</b>				
<b>Revenues</b>				
Contributions	90,000	77,000	-	167,000
Net Assets Release from Donor Restrictions	(90,000)	(77,000)	-	(167,000)
<b>Change in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Total Net Assets</b>	<b>\$ (947,950)</b>	<b>\$ 1,263,368</b>	<b>\$ -</b>	<b>\$ 315,418</b>



**BATON ROUGE AREA CHAMBER**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Chief Executive Officer**  
**For the Year Ended December 31, 2021**

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**Schedule III**

**Chief Executive Officer**  
Adam Knapp

<b>Purpose</b>	<b>Amount</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Taxes	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

**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**

Independent Auditor's Report

To the Board of Directors  
Baton Rouge Area Chamber and  
The Greater Baton Rouge Economic Partnership, Inc.  
Baton Rouge, Louisiana

We have audited, in accordance with the 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 consolidated financial statements of the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc. (collectively referred to as the Organization) as of and for the years ended December 31, 2021 and 2020, and the related notes to the consolidated financial statements, which collectively comprise the Organization's basic consolidated financial statements, and have issued our report thereon dated June 8, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the consolidated financial statements. 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*.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA  
June 8, 2022

**BATON ROUGE AREA CHAMBER  
Schedule of Findings and Responses  
For the Year Ended December 31, 2021**

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**Part I - Summary of Auditor's Results**

Financial Statement Section

- |  |               |
|--|---------------|
| 1. Type of Auditor's Report Issued:                      | Unmodified    |
| 2. Internal Control Over Financial Reporting:            |               |
| a. Material Weakness (es) Identified?                    | No            |
| b. Significant Deficiency (ies) Identified?              | None Reported |
| 3. Noncompliance Material to Financial Statements Noted? | No            |

Federal Awards Section - Not Applicable

**Part II - Financial Statement Findings Section**

None.

**Part III - Federal Award Findings and Questioned Costs Section**

Not applicable.

**BATON ROUGE AREA CHAMBER  
Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2021**

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None.

## AGREED-UPON PROCEDURES REPORT

Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2021 - December 31, 2021**

To the Board of Directors  
Baton Rouge Area Chamber and  
The Greater Baton Rouge Economic Partnership, Inc.  
And the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s (the Organization) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2021 through December 31, 2021. Baton Rouge Area Chamber and The Greater Baton Rouge Economic Partnership, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2021 through December 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and findings are as follows:

### ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** We noted procedures 1i), 1j), and 1l) are not applicable to public funds administered by the Organization. No exceptions were found as a result of the remaining procedures above.

## ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Results:** No exceptions were found as a result of this procedure.

## ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were found as a result of this procedure.



### **Collections (excluding electronic funds transfers )**

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Results:** No exceptions were found as a result of this procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** No exceptions were found as a result of this procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

**Results:** No exceptions were found as a result of this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** The testing performed over the attributes above noted no exceptions for procedures 6a), 6b), 6c) and 6e). Exception was noted for procedure 6d) as two of the deposits selected were not deposited within the timeframe required.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** No exceptions were found as a result of this procedure.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties) and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

**Results:** No exceptions were found as a result of this procedure.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
  - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** No exceptions were found as a result of this procedure.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results:** No exceptions were found as a result of this procedure.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

[Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

- b) Observe that finance charges and late fees were not assessed on the selected statements.

**Results:** No exceptions were found as a result of this procedure.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** Original itemized receipts for four of thirty eight transactions selected for testing were not able to be provided. As a compensating control, a missing receipts statement was completed noting the vendor, purpose, and the amount of the transaction.

### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of this procedure.

### **Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions were found as a result of this procedure.

## ***Payroll and Personnel***

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Results:** No exceptions were found as a result of this procedure.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**Results:** No exceptions were found as a result of this procedure.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

**Results:** No exceptions were found as a result of this procedure.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were found as a result of this procedure.

## ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Results:** This procedure is not applicable to the Organization.

## ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

**Results:** This procedure is not applicable to the Organization.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** This procedure is not applicable to the Organization.

## ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Results:** No exceptions were found as a result of this procedure.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were found as a result of this procedure.

## **Information Technology Disaster Recovery/Business Continuity**

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25. Perform the following procedures, verbally discuss the results with management, and report: "We performed the procedure and discussed the results with management."
- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:** No exceptions were found as a result of this procedure.

## **Sexual Harassment**

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

**Results:** This procedure is not applicable to the Organization.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

**Results:** This procedure is not applicable to the Organization.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

**Results:** This procedure is not applicable to the Organization.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA  
June 8, 2022