

**PELICAN CHAPTER - ASSOCIATED BUILDERS  
AND CONTRACTORS, INC.**

**DECEMBER 31, 2008 AND 2007**

**BATON ROUGE, LOUISIANA**

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: 6/3/09

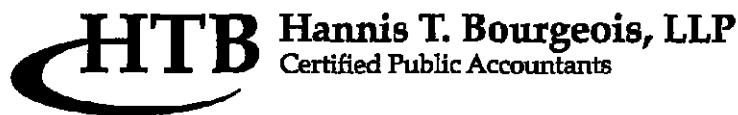
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May 4, 2009

Independent Auditor's Report

To the Board of Directors and Members  
Pelican Chapter - Associated Builders  
and Contractors, Inc.  
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Pelican Chapter - Associated Builders and Contractors, Inc. (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pelican Chapter - Associated Builders and Contractors, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years 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 May 4, 2009, on our consideration of Pelican Chapter - Associated Builders and Contractors, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide

an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

**PELICAN CHAPTER - ASSOCIATED BUILDERS AND CONTRACTORS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**AS OF DECEMBER 31, 2008 AND 2007**

**ASSETS**

	<u>2008</u>	<u>2007</u>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,807,120	\$ 1,299,345
Certificates of Deposit	428,499	216,740
Receivables:		
Members (Net of Allowance for Doubtful Accounts of \$10,000 in 2008 and \$9,696 in 2007)	2,175	3,202
Owner	192,850	175,495
Interest	1,408	4,175
SLCUC	48,822	106,932
State Chapter	10,409	10,448
Grant Receivable	17,451	10,965
Other	1,050	68,441
	<u>274,165</u>	<u>379,658</u>
Prepaid Expenses:		
National Dues	7,940	6,715
Insurance	21,567	22,553
Other	3,936	68,777
	<u>33,443</u>	<u>98,045</u>
Total Current Assets	<u>2,543,227</u>	<u>1,993,788</u>
<b>Property and Equipment:</b>		
Buildings and Improvements	2,905,385	2,905,385
Furniture and Office Equipment	120,600	113,018
Machinery and Equipment	1,107,720	846,489
	<u>4,133,705</u>	<u>3,864,892</u>
Less: Accumulated Depreciation	<u>(2,740,631)</u>	<u>(2,614,240)</u>
	1,393,074	1,250,652
Land	279,344	279,344
	<u>1,672,418</u>	<u>1,529,996</u>
Total Assets	<u>\$ 4,215,645</u>	<u>\$ 3,523,784</u>

The accompanying notes are an integral part of this statement.

## LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
<b>Current Liabilities:</b>		
Accounts Payable	\$ 86,167	\$ 138,590
Due to ABC - PAC	32,500	32,250
Due to ABC - State Chapter	9,103	7,471
Due to ABC - Bayou Chapter	14,568	2,590
Due to ABC - National	101,145	78,015
Accrued Expenses:		
Wages, Bonuses and Benefits	88,983	77,544
Payroll Taxes	19,965	14,589
Vacation	7,482	7,422
Other	15,191	11,161
	<u>131,621</u>	<u>110,716</u>
Advance Collections:		
Dues	381,203	306,182
Tuition	112,720	31,960
Other	117,658	27,551
	<u>611,581</u>	<u>365,693</u>
Total Current Liabilities	986,685	735,325
<b>Long-Term Debt:</b>		
Due to E.P. Breaux Training Trust	55,850	52,297
Total Liabilities	<u>1,042,535</u>	<u>787,622</u>
<b>Net Assets:</b>		
Unrestricted:		
Undesignated	3,133,232	2,696,455
Designated	10,000	10,000
Total Unrestricted Net Assets	<u>3,143,232</u>	<u>2,706,455</u>
Temporarily Restricted	29,878	29,707
Total Net Assets	<u>3,173,110</u>	<u>2,736,162</u>
Total Liabilities and Net Assets	<u>\$ 4,215,645</u>	<u>\$ 3,523,784</u>

**PELICAN CHAPTER - ASSOCIATED BUILDERS AND CONTRACTORS, INC.**

**STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008		
	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Gains, and Other Support:</b>			
<b>Membership Dues:</b>			
Renewals	\$ 648,014	\$ -	\$ 648,014
New Members (Net of Credit Reserve of \$38,609 in 2008 and \$33,661 in 2007)	64,471	-	64,471
<b>Total Membership Dues</b>	<b>712,485</b>	<b>-</b>	<b>712,485</b>
<b>Other Revenue:</b>			
Contractors/Owners	2,274,581	-	2,274,581
Government Grants	531,520	-	531,520
Interest	21,695	171	21,866
Legislative Funds	7,497	-	7,497
Membership Events	260,859	-	260,859
Miscellaneous	136,704	-	136,704
Newsletter	48,325	-	48,325
Rent	30,577	-	30,577
Sales	93,610	-	93,610
Skill Assessment Fees	151,694	-	151,694
Student Fees	456,435	-	456,435
Supervisory Training	99,765	-	99,765
<b>Total Other Revenue</b>	<b>4,113,262</b>	<b>171</b>	<b>4,113,433</b>
<b>Total Revenues, Gains and Other Support</b>	<b>4,825,747</b>	<b>171</b>	<b>4,825,918</b>
<b>Net Assets Released from Restriction</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenues, Gains, Other Support, and Net Assets Released from Restriction</b>	<b>4,825,747</b>	<b>171</b>	<b>4,825,918</b>

(CONTINUED)

2007		
Unrestricted	Temporarily Restricted	Total
\$ 601,917	\$ -	\$ 601,917
39,384	-	39,384
641,301	-	641,301
1,922,324	-	1,922,324
784,512	-	784,512
40,399	445	40,844
2,000	-	2,000
308,966	-	308,966
113,280	13,770	127,050
52,388	-	52,388
29,016	-	29,016
73,283	-	73,283
197,625	-	197,625
420,379	-	420,379
109,219	-	109,219
4,053,391	14,215	4,067,606
4,694,692	14,215	4,708,907
2,770	(2,770)	-
4,697,462	11,445	4,708,907



	2008		Total
	Unrestricted	Temporarily Restricted	
<b>Expenses:</b>			
<b>Program Services:</b>			
Training Center - Baton Rouge	1,841,355	-	1,841,355
Training Center - Lake Charles	1,055,786	-	1,055,786
Community Development Block Grant	341,459	-	341,459
<b>Supporting Services:</b>			
Management and General	559,134	-	559,134
Membership	591,236	-	591,236
<b>Total Expenses</b>	<b>4,388,970</b>	<b>-</b>	<b>4,388,970</b>
<b>Increase in Net Assets</b>	<b>436,777</b>	<b>171</b>	<b>436,948</b>
<b>Net Assets, Beginning of Year</b>	<b>2,706,455</b>	<b>29,707</b>	<b>2,736,162</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,143,232</b>	<b>\$ 29,878</b>	<b>\$ 3,173,110</b>

The accompanying notes are an integral part of this statement.

2007		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
1,602,188	-	1,602,188
866,407	-	866,407
784,479	-	784,479
519,713	-	519,713
585,436	-	585,436
<u>4,358,223</u>	<u>-</u>	<u>4,358,223</u>
339,239	11,445	350,684
<u>2,367,216</u>	<u>18,262</u>	<u>2,385,478</u>
<u>\$ 2,706,455</u>	<u>\$ 29,707</u>	<u>\$ 2,736,162</u>

**PELICAN CHAPTER - ASSOCIATED BUILDERS AND CONTRACTORS, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash Flows From Operating Activities:</b>		
Increase in Net Assets	\$ 436,948	\$ 350,684
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	126,390	146,058
Provision for Bad Debts	304	(1,200)
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	105,189	(125,467)
(Increase) Decrease in Prepaid Expenses	64,602	(65,953)
Increase (Decrease) in Accounts Payable	(52,423)	100,889
Increase (Decrease) in Due to ABC-PAC	250	8,950
Increase (Decrease) in Due to ABC-State Chapter	1,632	4,930
Increase (Decrease) in Due to ABC-Bayou Chapter	11,978	2,590
Increase (Decrease) in Due to ABC-National	23,130	-
Increase (Decrease) in Accrued Expenses	20,905	28,323
Increase (Decrease) in Advance Collections	245,888	10,375
Increase (Decrease) in Due to E.P. Breaux Training Trust	3,553	8,474
Net Cash Provided by Operating Activities	<u>988,346</u>	<u>468,653</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases/Donation of Property and Equipment	(268,812)	(48,756)
Net Purchases and Maturities of Certificates of Deposit	<u>(211,759)</u>	<u>139,781</u>
Net Cash Provided by (Used in) Investing Activities	<u>(480,571)</u>	<u>91,025</u>
<b>Net Increase in Cash and Cash Equivalents</b>	507,775	559,678
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>1,299,345</u>	<u>739,667</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ 1,807,120</u></u>	<u><u>\$ 1,299,345</u></u>

The accompanying notes are an integral part of this statement.

**PELICAN CHAPTER - ASSOCIATED BUILDERS AND CONTRACTORS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2008 AND 2007**

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

**Organization**

The Pelican Chapter - Associated Builders and Contractors, Inc. is a "non-stock", "non-profit" corporation under IRS code section 501(c)6, chartered in Louisiana that is comprised of various contractors and related associate members for the purpose of fostering and perpetuating the principles of the Merit Shop.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable. The Organization has no permanently restricted net assets.

**Contributions**

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of 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.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts 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. Accordingly, actual results could differ from those estimates.

### Property and Equipment

Property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

### Deferred and Unearned Income

Dues and tuition collected in advance, which are subject to apportionment, are deferred in these financial statements and will be recognized when earned.

### Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### Certificates of Deposit

Certificates of deposit are carried at cost, which approximates market value, and have maturities greater than three months but less than one year.

### Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Accrued Personal Time Off (PTO)

It is the Organization's policy to permit employees to accumulate up to 40 hours maximum of earned but unused PTO benefits. Any earned PTO benefits over 40 hours will be forfeited at year-end. Any earned but unused PTO benefits will be paid when the employees' services with the Organization is terminated. A liability for the unused amounts is reported in these financial statements.

### **Note 2 - Retirement Plan -**

A 401(K) retirement plan was established in January 1989. Under the plan, the employer contributes four percent of the employee's gross salary plus fifty percent of the employee's contribution, but not more than an additional four percent. The retirement plan is available to those employees who have completed one full year of service. Retirement expense for the years ended December 31, 2008 and 2007 was \$55,065 and \$46,097, respectively.

**Note 3 - Designated Net Assets -**

The Organization had the following designated net assets at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Designated for Fundraisers	\$ 10,000	\$ 10,000

**Note 4 - Temporarily Restricted Net Assets -**

Temporarily restricted net assets are available for the following purposes:

The Chapter holds funds on behalf of the Industrial Contractors Council (ICC). The funds are only to be spent with the approval of the Council.

The Chapter receives contributions from members of the Associated Builders and Contractors Crisis Committee designated for the payment of any legal expenses incurred in the future by the Chapter on behalf of its members.

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
ICC Funds	\$ 13,110	\$ 12,953
Legal Expenses of ABC Members	5,768	5,754
High School Merit Scholarship	<u>11,000</u>	<u>11,000</u>
	<u>\$ 29,878</u>	<u>\$ 29,707</u>

**Note 5 - Net Assets Released from Restrictions -**

Net assets released from donor restriction for incurring expenses satisfying the restricted purpose is as follows:

	<u>2008</u>	<u>2007</u>
High School Merit Scholarship	\$ -	\$ 2,770

**Note 6 - Related Parties -**

The Pelican Chapter - Associated Builders and Contractors, Inc. is affiliated with the National Associated Builders and Contractors, Inc. and the Louisiana Chapter - Associated Builders and Contractors, Inc. The Pelican Chapter pays dues to each organization throughout the year. National dues paid during the fiscal years ended December 31, 2008 and 2007 were \$143,692 and \$129,430, respectively. The Pelican Chapter owed National for renewal dues paid in advance at December 31, 2008 and 2007 totaling \$101,145 and \$78,015, respectively. State dues paid during the fiscal years ended December 31, 2008 and 2007 were \$7,180 and \$6,660, respectively. The Pelican Chapter - Associated Builders and Contractors provides office space and administrative services to the Louisiana Chapter free of charge. At December 31, 2008 and 2007, the Louisiana Chapter owed the Pelican

Chapter \$10,409 and \$10,448. The Pelican Chapter owed the Louisiana Chapter \$9,103 and \$7,471 at December 31, 2008 and 2007, respectively.

The Pelican Chapter - Associated Builders and Contractors owed the Bayou Chapter - Associated Builders and Contractors \$14,568 and \$2,590 at December 31, 2008 and 2007, respectively.

The Pelican Chapter owed the ABC - Pelican Chapter PAC \$32,500 and \$32,250 at December 31, 2008 and 2007, respectively.

**Note 7 - Contractors/Owners -**

The Baton Rouge Training Center (BRTC) receives a voluntary contribution each month from ABC member contractors and Industrial Contractors Council members based on the estimated number of hours worked by each contractor in the GBRIA member plants. In the Baton Rouge area, the contribution amount is based on \$0.07 per manhour and is paid by Greater Baton Rouge Industrial Alliance (GBRIA) plant members to the Merit Shop contractors. These contractors, in turn, pay BRTC. The contribution for the Lake Charles area is \$0.12 per manhour. The contribution is collected in a fund by the Southwest Louisiana Construction Users Council (SLCUC). The SLCUC remits these funds to the Chapter as a reimbursement of expenses of the Southwest Louisiana Training Center.

**Note 8 - Concentrations -**

The Organization maintains cash accounts and certificates of deposits with commercial banks, which are insured by the Federal Deposit Insurance Corporation. Periodically, cash and certificates of deposits may exceed the federally insured amount.

**Note 9 - Leases -**

The Chapter leases certain equipment under non-cancelable operating leases. Lease expense paid during the years ended December 31, 2008 and 2007 was \$6,455 and \$6,288, respectively. Future minimum lease payments under leases that have remaining noncancelable terms in excess of one year at December 31, 2008 are as follows:

2009	\$ 4,627
2010	<u>2,066</u>
	<u>\$ 6,693</u>

**Note 10 - Rental Income -**

The Chapter leases certain facilities and parking space to a tenant under a non-cancelable operating lease. Rent income received during the years ended December 31, 2008 and 2007 was \$30,577 and \$29,016, respectively. Future minimum lease payments under the lease that have non-cancelable terms in excess of one year at December 31, 2008 are as follows:

2009	\$ 25,620
2010	<u>14,945</u>
	<u>\$ 40,565</u>

**SUPPLEMENTARY INFORMATION**



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May 4, 2009

Independent Auditor's Report on  
the Supplementary Information

To the Board of Directors and Members  
Pelican Chapter - Associated Builders  
and Contractors, Inc.  
Baton Rouge, Louisiana

Our report on our audits of the basic financial statements of Pelican Chapter - Associated Builders and Contractors, Inc. for 2008 and 2007 appears on page 1. We conducted our audits in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Unrestricted Revenue and Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

**PELICAN CHAPTER - ASSOCIATED BUILDERS AND CONTRACTORS, INC.**

**SCHEDULE OF UNRESTRICTED REVENUE AND EXPENSES**

FOR THE YEAR ENDED DECEMBER 31, 2008 WITH COMPARATIVE TOTALS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Chapter	Training Center- Baton Rouge	Training Center- Lake Charles	Community Development Block Grant	2008	2007
<b>Revenue:</b>						
Renewals	\$ 648,014	\$ -	\$ -	\$ -	\$ 648,014	\$ 601,917
New Members	64,471	-	-	-	64,471	39,384
Contractors/Owners	-	1,611,976	662,605	-	2,274,581	1,922,324
Government Grants	-	-	190,452	341,068	531,520	784,512
Interest	7,231	14,464	-	-	21,695	40,399
Legislative Funds	7,497	-	-	-	7,497	2,000
Membership Events	260,859	-	-	-	260,859	308,966
Miscellaneous	32,269	30,579	73,856	-	136,704	113,280
Newsletter	48,325	-	-	-	48,325	52,388
Rent	30,577	-	-	-	30,577	29,016
Book Sales	-	58,815	34,795	-	93,610	73,283
Skill Assessment Fees	-	129,228	22,466	-	151,694	197,625
Student Fees	91,465	310,545	54,425	-	456,435	420,379
Supervisory Training	-	99,765	-	-	99,765	109,219
<b>Total Revenue</b>	<b>1,190,708</b>	<b>2,255,372</b>	<b>1,038,599</b>	<b>341,068</b>	<b>4,825,747</b>	<b>4,694,692</b>
Net Assets Released from Restriction	-	-	-	-	-	2,770
<b>Total Revenue and Net Assets Released from Restriction</b>	<b>1,190,708</b>	<b>2,255,372</b>	<b>1,038,599</b>	<b>341,068</b>	<b>4,825,747</b>	<b>4,697,462</b>

(CONTINUED)

	<u>Chapter</u>	<u>Training Center- Baton Rouge</u>	<u>Training Center- Lake Charles</u>	<u>Community Development Block Grant</u>	<u>2008</u>	<u>2007</u>
<b>Expenses:</b>						
Personnel	402,621	279,881	316,511	-	999,013	945,050
Business Expense	63,211	32,891	14,607	40,031	150,740	178,647
Communications	64,758	15,007	8,077	-	87,842	83,619
Council and						
Communications	7,682	-	1,672	-	9,354	9,608
Depreciation	29,228	77,943	19,219	-	126,390	146,058
Dues - National & State	196,722	-	-	-	196,722	169,640
Government Relations	63,208	-	-	-	63,208	63,594
Instructional	48,475	1,252,132	580,974	265,849	2,147,430	2,158,475
Meetings and Events	187,350	5,070	-	-	192,420	219,092
Membership						
Recruitment	6,743	-	-	-	6,743	12,406
Occupancy	50,564	145,849	105,811	-	302,224	256,964
Office Supplies and						
Equipment	14,266	9,286	5,373	4,248	33,173	45,376
Professional Services	10,842	20,316	3,442	31,331	65,931	63,118
Miscellaneous	4,700	2,980	100	-	7,780	6,576
<b>Total Expenses</b>	<u>1,150,370</u>	<u>1,841,355</u>	<u>1,055,786</u>	<u>341,459</u>	<u>4,388,970</u>	<u>4,358,223</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ 40,338</u>	<u>\$ 414,017</u>	<u>\$ (17,187)</u>	<u>\$ (391)</u>	<u>\$ 436,777</u>	<u>\$ 339,239</u>

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May 4, 2009

Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards

To the Board of Directors and Members  
Pelican Chapter - Associated Builders  
and Contractors, Inc.  
Baton Rouge, Louisiana

We have audited the financial statements of Pelican Chapter - Associated Builders and Contractors, Inc. (a nonprofit organization) as of and for the year ended December 31, 2008, and have issued our report thereon dated May 4, 2009. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Chapter's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chapter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chapter's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Chapter's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chapter's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Chapter in a separate letter dated May 4, 2009.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,

*Hannia T. Bourgeois, LLP*

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**PELICAN CHAPTER - ASSOCIATED BUILDERS AND CONTRACTORS, INC.**

**SUMMARY SCHEDULE OF AUDIT FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

None

**PELICAN CHAPTER - ASSOCIATED BUILDERS AND CONTRACTORS, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

Significant deficiencies were noted as follows:

**2007-1 - Segregation of Duties -**

**Finding:**

In the prior year it was noted that although the small size of the Chapter limits the extent of segregation of duties, we believe certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of transactions. One of the most critical areas is separation of duties in the depositing and recording of cash transactions. We noted that the bookkeeper at times receives incoming checks, prepares the deposit log and slip, and then delivers the deposit to the bank. The result is the danger that intentional or unintentional errors could be made and not detected.

**Recommendation:**

We recommended that someone else other than bookkeeper, possibly the receptionist open the mail, prepare a prelist of cash received, and prepare a deposit slip. The bookkeeper should then make the deposit and post the receipts to the ledger. The President should receive and review the bank statements and cancelled checks before turning them over to the accounting department to prepare the bank reconciliations. The President might also review the reconciliations after they are prepared. These simple steps would not require the addition of new employees or add significant time to the receptionist, bookkeeper, or President's time. We further recommended that the Organization's Board of Directors and Finance Committee continue to be actively involved in the financial affairs of the Organization and discussions of significant disbursements or donations should be adequately documented in the minutes.

**Corrective Action Taken:**

During the current year, the Chapter implemented procedures to ensure that the bookkeeper would not receive incoming checks, prepare the deposit log and slip, and then deliver the deposit to the bank. As recommended in the prior year, the receptionist now opens the mail, prepares a prelist of cash received, and prepares a deposit slip. The bookkeeper then posts the receipts to the ledger and delivers the deposit. The Chapter's Board of Directors and Finance Committee continue to be actively involved in the financial affairs of the Organization. Additional recommendations regarding this finding has been reported to management of the Chapter in a separate letter dated May 4, 2009.

**PELICAN CHAPTER - ASSOCIATED BUILDERS  
AND CONTRACTORS, INC.**

**MANAGEMENT LETTER**

**DECEMBER 31, 2008**

**BATON ROUGE, LOUISIANA**





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May 4, 2009

To the Board of Directors  
Pelican Chapter - Associated  
Builders and Contractors, Inc.  
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of Pelican Chapter - Associated Builders and Contractors, Inc. for the year ended December 31, 2008, we considered the Organization's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Chapter's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters. We previously reported on the Chapter's internal control in our report dated May 4, 2009. This letter does not affect our report dated May 4, 2009 on the financial statements of Pelican Chapter - Associated Builders and Contractors, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### **Organizational Structure**

#### **Finding:**

As discussed in the prior years the size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide for adequate segregations of duties. One of the most critical areas is separation of duties in the depositing and recording of cash transactions. This situation dictates that the President, Board of Directors, and Finance Committee be actively involved in the financial affairs of the Organization to provide oversight and review functions.

To the Board of Directors  
Pelican Chapter - Associated  
Builders and Contractors, Inc.  
May 4, 2009  
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Recommendation:

Although the small size of the Chapter limits the extent of segregation of duties, we recommended that certain steps could be taken to separate incompatible duties. We recommended and continue to recommend that the President receive and review the bank statements and cancelled checks before turning them over to the accounting department to prepare the bank reconciliations. The President might also review the reconciliations after they are prepared. We further recommended that the Organization's Board of Directors and Finance Committee continue to be actively involved in the financial affairs of the Organization and discussions of significant disbursements should continue to be adequately documented in the minutes.

The following are several matters that were noted in the prior year that are opportunities for strengthening internal controls and operating efficiency:

**FIXED ASSETS**

Finding:

In prior years, it was noted that the Chapter's fixed assets are maintained in an Excel spreadsheet, which consists of numerous formulas.

Recommendation:

We recommended the Chapter consider purchasing one of the various fixed asset programs available. This software would reduce the possibility of errors in the calculation of depreciation expense. We also recommend that the Chapter monitor its fixed asset listing throughout the year for any disposals that may occur and record any donated assets received during the year.

Corrective Action Taken:

In the current year, the Chapter purchased a fixed asset program and began the conversion from the Excel spreadsheet. The conversion was not complete at December 31, 2008, so the Excel spreadsheets were used during the current year audit. The Chapter should have the conversion completed in 2009.

**ACCOUNTS PAYABLE**

Finding:

During our prior year audit, we noted that accounts payable sub ledger did not reconcile to the general ledger. The reconciling difference is due to invoices which were reversed from the general ledger but not removed from the sub ledger.

To the Board of Directors  
Pelican Chapter - Associated  
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**Recommendation:**

We recommended working with technical support for MAS 90 to determine a way to resolve the reconciling issue.

**Corrective Action Taken:**

In the current year, the reconciling issue was resolved. The accounts payable sub ledger balanced to the general ledger as of December 31, 2008.

**REVENUE RECOGNITION**

**Finding:**

During the prior year audit, we noted that revenues were not recorded using the accrual method of accounting. Amounts due at year end for NANA classes were not reflected in the internal financial statements/general ledger.

**Recommendation:**

In an effort to present accurate financial statements during the year, controls should be implemented to recognize revenue received from classes when earned.

**Corrective Action Taken:**

In the current year, the Chapter took the necessary action to ensure that income was recorded using the accrual method of accounting.

**COMMUNITY DEVELOPMENT BLOCK GRANT**

**Finding:**

During our prior year audit, we noted that there were issues tracking the graduates of the program with regard to job placement.

**Recommendation:**

We recommended the strategy suggested by the Louisiana Workforce Commission given after one of the site visits. This suggestion was that Associated Builders and Contractors- Pelican Chapter should not rely on the trainee to stay in contact. Rather, Associated Builders and Contractors- Pelican Chapter should plan on completing most of the tracking through the employer and going through the employee only if they are laid off, the job has ended, or circumstances exist that lead to the trainee/employee to be terminated. Associated Builders and Contractors- Pelican Chapter should ask the employer if they have any leads on where the trainee/employee may have gone, but follow up with the trainee/employee.

To the Board of Directors  
Pelican Chapter - Associated  
Builders and Contractors, Inc.  
May 4, 2009  
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Corrective Action Taken:

In the current year, the Chapter developed policies and procedures to implement the suggestions from the Louisiana Workforce Commission.

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

Respectfully submitted,

*Hannia T. Bourgeois, LLP*