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THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2006

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.
Baton Rouge, Louisiana

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FAULK & WINKLER LLC
Certified Public Accountants • Business Advisors

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Greater Baton Rouge Economic Partnership, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of **THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.** (the Partnership) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Partnership's 2005 financial statements and, in our report dated May 2, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 **THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.** as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2007, on our consideration of the **THE GREATER BATON ROUGE ECONOMIC PARTNERSHIPS**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
May 24, 2007

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Exhibit A

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2006
(with comparative amounts for 2005)

ASSETS

		2006		2005
CURRENT ASSETS				
Cash and cash equivalents	$	158,559	$	446,298
Accounts receivable and other		167,529		229,546
Total assets	$	326,088	$	675,844

LIABILITIES AND NET ASSETS

		2006		2005
CURRENT LIABILITIES				
Accounts payable	$	76,973	$	66,384
Due to related party		23,958		81,886
Unearned revenue		55,841		319,690
Total liabilities		156,772		467,960
NET ASSETS				
Unrestricted		169,316		57,884
Temporarily restricted		-		150,000
Total net assets		169,316		207,884
Total liabilities and net assets	$	326,088	$	675,844

The accompanying notes to financial statements
are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

For the year ended December 31, 2006
(with comparative amounts for 2005)

	Unrestricted	Temporarily Restricted	Totals 2006	Totals 2005
REVENUES				
Program services:				
State grants	$ 358,359	$ -	$ 358,359	$ 290,815
Events	311,768	-	311,768	32,690
Parent University	72,627	-	72,627	57,108
Leadership	29,832	-	29,832	30,250
Teens as Leaders	5,739	-	5,739	7,747
Baton Rouge Technology Council	15,814	-	15,814	-
Hurricane aid	-	-	-	202,850
Other:				
Interest	9,825	-	9,825	113
Total revenues	803,963	-	803,963	621,573
NET ASSETS RELEASED FROM RESTRICTIONS	150,000	(150,000)	-	-
Total revenues and reclassifications	953,963	(150,000)	803,963	621,573
EXPENSES				
Program services:				
Economic development	428,561	-	428,561	336,103
Events	304,083	-	304,083	28,659
Parent University	72,023	-	72,023	57,558
Leadership	31,612	-	31,612	27,408
Teens as Leaders	6,172	-	6,172	7,747
Community Report Card	80	-	80	4,008
Total expenses	842,531	-	842,531	461,483
Increase (decrease) in net assets	111,432	(150,000)	(38,568)	160,090
NET ASSETS				
Beginning of year	57,884	150,000	207,884	47,794
End of year	$ 169,316	$ -	$ 169,316	$ 207,884

The accompanying notes to financial statements are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2006
(with comparative amounts for 2005)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (38,568)	$ 160,090
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	62,017	(123,598)
Increase in accounts payable	10,589	36,497
Decrease in due to related party	(57,928)	(40,680)
Increase (decrease) in deferred revenue	(263,849)	296,020
Net cash provided (used) by operating activities	(287,739)	328,329
CASH AND CASH EQUIVALENTS		
Beginning of year	446,298	117,969
End of year	$ 158,559	$ 446,298

The accompanying notes to financial statements
are an integral part of this statement.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Greater Baton Rouge Economic Partnership, Inc. (the Partnership) was incorporated on April 19, 1994 and was formed as a public non–profit organization under Internal Revenue Code Section 501(c)(3). According to its by-laws, the mission of the Partnership 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 otherwise tend to increase economic growth and development in the region.

Basis of Presentation

The financial statements of the Partnership have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements. These financial statements include only activities and transactions of the Partnership.

The Partnership reports 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. There were no restricted net assets at December 31, 2006.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Partnership's financial statements for 2005, from which the summarized information was derived.

The statement of activities presents expenses functionally, as program services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 deferred revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purposes of the statement of cash flows, the Partnership's cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. There are no cash equivalents as of December 31, 2006.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Partnership that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to the appropriate classification. Contributions to permanently restricted funds are restricted by the donor and must be maintained in perpetuity. Revenue earned must be spent according to the donor's stipulations.

Grant revenue recognition

Grants that represent exchange transactions are recorded as a receivable when the grant costs are incurred and reimbursable.

Grants that represent contributed support are recognized in the same manner as promises to give.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Partnership owes The Greater Baton Rouge Chamber of Commerce, Inc. (Chamber) $23,958 for various program expenses. There was a total of $348,309 in reimbursements to the Chamber in 2006.

NOTE 3 - CONCENTRATION OF CREDIT RISK

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the $100,000 amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with its balances in cash and cash equivalents, to minimize potential risk.

NOTE 4 - SUBSEQUENT EVENT

Subsequent to December 31, 2006, the Partnership entered into a $500,000 contract with the City/Parish of East Baton Rouge (City-Parish), in which it will serve as the City-Parish's economic development agent. Services will be provided in 2007.

Special Independent Auditors' Report

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.
Baton Rouge, Louisiana

December 31, 2006

FAULK & WINKLER, LLC
Certified Public Accountants • Business Advisors

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

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

Gentlemen:

We have audited the financial statements of the Greater Baton Rouge Economic Partnership, Inc. (the Partnership) as of and for the year ended December 31, 2006, and have issued our report thereon dated May 24, 2007. 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 Partnership'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 Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Partnership'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 a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, and 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 entity'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 a 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.

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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 identified one deficiency in internal control over financial reporting that we considered to be material weaknesses, as defined above and is reported as Item 2006-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Partnership'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.*

This report is intended solely for the information and use of the Partnership's management, the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
May 24, 2007

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2006

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of The Greater Baton Rouge Economic Partnership, Inc.
2. One significant deficiency was reported relating to the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements in relation to this audit.

2006-1 Timeliness of financial statement preparation and general ledger account reconciliation

Observation: During the audit of the financial statements, we observed that the financial statements for 2005 were completed in late March 2006. Additional information and adjustments were subsequently provided to us to report certain accounts accurately. The financial statements for 2006 were completed in April 2007 and required additional adjustments. Furthermore, receivable reconciliation was not performed timely.

Recommendation: Receivable subsidiary ledgers should be reconciled to the general ledger on a monthly basis. Furthermore, the aging of receivables included on the subsidiary ledger should be reviewed by management to ensure timely billing and collection. In doing so, outstanding receivables will be reduced and adjustments at year end should be minimal.

Management's Corrective Action Plan: In 2007, the Chamber changed its accounting software to a product that better suits its more complex accounting needs. This new software reduces the financial statement preparation time from two days each month to literally minutes, enabling faster preparation of interim and year-end financial statements. In addition, with the hiring of a new controller and increasing the size of the accounting staff, some new accounting procedures have been implemented which include monthly general ledger reconciliations of all balance sheet accounts before finalizing financial statements. Manual reconciliations have been virtually eliminated.

Management expects this matter to be resolved during 2007.

THE GREATER BATON ROUGE ECONOMIC PARTNERSHIP, INC.

Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

December 31, 2006

2005-1 Segregation of Duties/Cash Administration (Resolved)

Observation: There is not sufficient segregation of duties to have effective internal control. The finding results from the small size of the organization. These limitations allow no opportunity for meaningful segregation of duties.

Additionally, in 2005, bank reconciliations were performed by the controller who plays a significant role in the accounting process and also has check signing authority.

During 2007, we observed that the check signing authority of the controller was eliminated. Although the bank reconciliations are still being performed by the controller, the executive vice president reviews the bank statements, reconciliations, and disbursements. The executive vice president does have check signing authority; however, the chief executive officer subsequently reviews the disbursement, and provides a secondary signature on the check prior to mailing. Additionally, the receptionist enters all accounts payable into the accounting system. As a result of these actions, this matter is considered resolved.

2005-2 Cost Reimbursement Substantiation and Reimbursement Submission (Resolved)

Observation: We have the following observations:

- During 2006, the Partnership has not obtained sufficient documentation relating to travel expenses subject to reimbursement. Total costs of approximately $1,300 were supported only by credit card statements that lacked the appropriate level of detail required. Such costs were disallowed for reimbursement.
- Additionally, cost reimbursements totaling approximately $137,000 relating to the last five months of 2005 were not submitted until April 2006 and approximately $59,000 was not received until late in 2006. The receivable was recorded in the 2005 financial statements.

During 2006, we observed that the LDED contract monitoring and management process had significantly improved. The majority of the amounts recorded in the financial statements had been reimbursed prior to the commencement of the audit field-work. Travel expenses were adequately documented and cost reimbursement reports were assembled and filed timely.