

LATIN CHAMBER OF COMMERCE OF USA, INC.

Financial Statements

December 31, 2011

(With Independent Auditor's Report Thereon)

Latin Chamber of Commerce of USA, Inc.

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INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report

The Board of Directors
Latin Chamber of Commerce of USA, Inc.:

We have audited the accompanying statement of financial position of the Latin Chamber of Commerce of USA, Inc. (the "Organization") as of December 31, 2011, and the related statements of activities and changes in net assets, and cash flows for the year 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 audit.

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 in the first paragraph present fairly, in all material respects, the financial position of the Organization as of December 31, 2011, 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 issued our report dated May 24, 2012 on our consideration of the Organization's internal control over financial reporting and 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining statements of financial position and combining statements of activities and changes in net assets, which are included as supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is also presented for purposes of additional analysis, as required by Chapter 10.650, *Rules of the Auditor General* of the State of Florida, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Sanson Kline Jacomino Tandoc & Gamarra, LLP

May 24, 2012

FINANCIAL STATEMENTS

Latin Chamber of Commerce of USA, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2011

Assets

Current assets

Cash	\$ 479,258
Grants receivable	120,074
Accounts receivable and other	52,953
Accounts receivable - related party	53,418
Total current assets	<u>705,703</u>

Property, plant and equipment

Building	1,412,783
Furniture and equipment	158,610
Vehicle	17,544
	<u>1,588,937</u>
Less accumulated depreciation	<u>160,359</u>
Total property and equipment, net	<u>1,428,578</u>
Total assets	<u>\$ 2,134,281</u>

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities	\$ 94,303
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Net assets

Unrestricted	<u>2,039,978</u>
Total liabilities and net assets	<u>\$ 2,134,281</u>

See accompanying notes to financial statements.

Latin Chamber of Commerce of USA, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2011

	<u>Unrestricted</u>
Support and revenues	
Federal grants	\$ 34,682
State grants	550,098
Local grants	267,225
Rental income	60,606
Membership dues	74,380
Contributions	118,902
Indirect cost reimbursement	30,029
Other	219,363
Total support and revenues	<u>1,355,285</u>
Expenses	
Payroll and related expenses	499,238
Legal and professional fees	80,788
Advertising	46,488
Depreciation	65,187
Travel and entertainment	65,774
Taxes and licenses	3,975
Indirect costs	30,029
Insurance	75,763
Communication	23,732
Interest and bank charges	2,076
Equipment rental and usage	7,326
Utilities	11,268
Space allocation and repairs	60,728
Postage, printing and delivery	38,962
Public relations	28,008
Other	253,170
Total expenses	<u>1,292,512</u>
Change in net assets	62,773
Net assets at January 1, 2011	<u>1,977,205</u>
Net assets at December 31, 2011	<u>\$ 2,039,978</u>

See accompanying notes to financial statements.

Latin Chamber of Commerce of USA, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2011

Cash flows from operating activities	
Change in net assets	\$ 62,773
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	65,187
Changes in assets and liabilities:	
Decrease in grants receivable	135,607
Decrease in accounts receivable and other	130,511
Increase in accounts receivable - related party	(42,067)
Decrease in accounts payable and accrued liabilities	(128,169)
Decrease in deferred revenues	<u>(106,034)</u>
Net cash provided by operating activities	<u>117,808</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(2,875)</u>
Net cash used in investing activities	<u>(2,875)</u>
Net increase in cash	114,933
Cash at January 1, 2011	<u>364,325</u>
Cash at December 31, 2011	<u>\$ 479,258</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE A – NATURE OF OPERATIONS

The Latin Chamber of Commerce of USA, Inc. (the “Organization”) was organized under the laws of the State of Florida as a not-for-profit corporation in 1968. The Organization’s purpose is to render constructive civic services for the promotion of the welfare of the community of Miami-Dade County, Florida (the “County”); to encourage its development in the best interest of its residents; to advertise the County and aid in procuring new industries and business enterprises; to aid and encourage the members of this corporation in their respective businesses, trades or professions; to promote the arbitration and settlement of business controversies and misunderstandings between its members and persons, firms or corporations not affiliated with it; to do and perform all things usual and customary to chambers of commerce, including affiliates and cooperation with state and national chambers of commerce and other organization of like character or purpose; to perform services and to make and perform contracts of any kind and descriptions required on its business and for the purpose of attaining or furthering any of its objectives; and to carry and operate, in any lawful manner, all and every type of business which a corporation of this type, organized under the laws of the State, could do or may be authorized to do.

The Organization is the managing general partner in a limited partnership. The limited partnership was formed for the purpose of acquiring, constructing, developing and operating a low-income housing project. The first two floors of the structure will accommodate the administrative offices of the Organization. The Organization is entitled to .0049 percent of the profits and losses of the partnership. As of December 31, 2011, there were no profits or losses.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the Organization’s significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

1. Basis of accounting and presentation

The financial statements have been prepared on the accrual basis of accounting. Classification of the Organization’s net assets and its revenues and expenses are based on the existence or absence of donor imposed restrictions. Net assets can be classified in the following categories:

- (i) Unrestricted net assets consist of net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations.
- (ii) Temporarily restricted net assets represent net assets with a donor-imposed restriction that is satisfied either by the passage of time or by actions of the Agency.
- (iii) Permanently restricted net assets result primarily from contributions and other inflows of assets whose use by the Agency is limited by legally imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Agency.

All of the Organization’s net assets have been classified as unrestricted as of December 31, 2011.

2. Accounts receivable

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. Amounts become past due depending on how recently payments have been received. If amounts become uncollectible, they will be charged to operations when that determination is made.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Grants receivable

Grants receivable represent amounts incurred for expenses in excess of reimbursements received.

4. Property, plant and equipment

Property and equipment are carried at cost if purchased, or if donated, are carried at fair market value. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives principally on the straight-line method.

The estimated useful lives of property, plant and equipment are as follows:

Building	39 years
Furniture and equipment	5 years
Vehicle	5 years

In connection with the limited partnership agreement described in Note A above, the Organization is responsible for certain costs directly associated with the construction of a portion of the project that will accommodate its administrative offices. Such costs are currently reported as construction in progress on the statement of financial position. The Organization will own the space fee simple. Once the building is placed in service, depreciation will be provided for in amounts sufficient to relate the cost of the depreciable asset to operations over the estimated service life using the straight-line method. Improvements will be capitalized, while expenditures for maintenance and repairs will be charged to expense as incurred.

5. Revenue recognition

Grant revenues are recognized as earned when the related expenses are incurred. Funds received in excess of expenses incurred are considered deferred revenue until expended.

Grant monies disbursed under these grants are restricted to the designated program services specified in the grant, and are monitored. Costs incurred under each of the programs are subject to approval and subsequent audit by the respective granting agencies. Government grants for the funding of programs operated by the Organization are awarded on a year-to-year basis and are subject to annual renewal. Funding under certain existing grants may be reduced or increased at the discretion of the grantors.

Donations of property are recorded at fair market value at the date the donation is received. Should the carrying value of donated property subsequently exceed its net realizable value, the carrying value is appropriately reduced through a charge to operations.

6. Advertising

The Organization charges advertising to expense as incurred.

7. Income taxes

The Organization is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2011

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Income taxes (continued)

In June 2006, the FASB issued FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribed a comprehensive model for how an entity should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the entity has taken or expects to take on a tax return.

In the unlikely event an uncertain tax position exists in which the Organization could incur income taxes, the Organization would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by a taxing authority. Reserves for uncertain tax positions would then be recorded if the Organization determined it is probable either a position would not be sustained upon examination or if a payment would have to be made to a taxing authority and the amount was reasonably estimable. As of December 31, 2011, the Organization does not believe it has any uncertain tax positions that would result in the Organization having a liability to a taxing authority. The Organization is subject to federal and state income tax examinations for the tax years 2008 through 2010.

8. Use of estimates

In preparing the Organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – FACADE ESCROW

During the year ended December 31, 2011, the Organization received reimbursements for costs incurred in the administration of a program between a local agency and members of the community. Administrative costs incurred by the Organization and reimbursed by the local agency totaled \$34,682, which is all included as a receivable at December 31, 2011. Funds received by the Organization for escrow and disbursed to recipients during the year totaled \$136,489.

NOTE D – RELATED PARTY TRANSACTIONS

The Organization is related to four entities through common control. During the year ended December 31, 2011 the Organization leased office space to two of the related entities. Rental income from those related entities totaled \$14,700 during 2011. Also at December 31, 2011, the Organization has receivables from related parties totaling \$53,418.

NOTE E – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. Subsequent events should be disclosed in the financial statements if exclusion of such disclosure would cause the financial statements to be misleading. The Organization evaluated subsequent events through May 24, 2012, the date the financial statements were available to be issued, and does not believe that there are any such events or transactions that require disclosure.

SUPPLEMENTARY INFORMATION

Latin Chamber of Commerce of USA, Inc.

COMBINING STATEMENTS OF FINANCIAL POSITION

December 31, 2011

Assets	Administrative Fund	Miami-Dade County	Registration	Florida Trade	Facade	Eliminations	Total Combined
Current assets							
Cash	\$ 373,142	\$ 23,263	\$ 75,295	\$ 7,436	\$ 122	\$ -	\$ 479,258
Interfund receivable	355,628	35	-	-	-	(355,663)	-
Grants receivable	-	41,830	-	43,562	34,682	-	120,074
Accounts receivable and other	9,476	-	-	-	43,477	-	52,953
Accounts receivable - related party	53,418	-	-	-	-	-	53,418
Total current assets	791,664	65,128	75,295	50,998	78,281	(355,663)	705,703
Property, plant and equipment							
Building	1,412,783	-	-	-	-	-	1,412,783
Furniture and equipment	158,610	-	-	-	-	-	158,610
Vehicle	17,544	-	-	-	-	-	17,544
Less accumulated depreciation	1,588,937	-	-	-	-	-	1,588,937
Total equipment - net	160,359	-	-	-	-	-	160,359
	1,428,578	-	-	-	-	-	1,428,578
Total assets	2,220,242	65,128	75,295	50,998	78,281	(355,663)	2,134,281
Liabilities and Net Assets							
Current liabilities							
Accounts payable and accrued liabilities	\$ 47,366	\$ -	\$ -	\$ -	\$ 46,937	\$ -	\$ 94,303
Interfund payable	35	64,270	206,374	50,302	34,682	(355,663)	-
Total current liabilities	47,401	64,270	206,374	50,302	81,619	(355,663)	94,303
Net assets (deficit)							
Unrestricted	2,172,841	858	(131,079)	696	(3,338)	-	2,039,978
Total liabilities and net assets	2,220,242	65,128	75,295	50,998	78,281	(355,663)	2,134,281

Latin Chamber of Commerce of USA, Inc.

COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2011

	Administrative Fund	Miami-Dade County	Registration	Florida Trade	Facade	Eliminations	Total Combined
Support and revenues							
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 34,682	\$ -	\$ 34,682
State grants	-	-	-	550,098	-	-	550,098
Local grants	-	267,225	-	-	-	-	267,225
Rental income	60,606	-	-	-	-	-	60,606
Membership dues	74,380	-	-	-	-	-	74,380
Contributions	35,875	-	83,027	-	-	-	118,902
Indirect cost reimbursement	30,029	-	-	-	-	-	30,029
Interfund transfer	52,674	858	-	698	-	(54,230)	-
Other	184,918	-	34,445	-	-	-	219,363
Total support and revenues	438,482	268,083	117,472	550,796	34,682	(54,230)	1,355,285
Expenses							
Payroll and related expenses	62,233	132,113	6,578	268,625	29,689	-	499,238
Legal and professional fees	61,518	10,536	4,125	4,609	-	-	80,788
Advertising	25,018	12,462	970	8,038	-	-	46,488
Depreciation	65,187	-	-	-	-	-	65,187
Travel and entertainment	1,681	32,963	8,786	22,298	46	-	65,774
Taxes and licenses	3,975	-	-	-	-	-	3,975
Indirect costs	960	14,041	-	15,028	-	-	30,029
Insurance	30,628	18,700	-	25,991	444	-	75,763
Communication	7,952	4,196	1,784	9,270	530	-	23,732
Interest and bank charges	1,768	30	123	155	-	-	2,076
Equipment rental and usage	3,341	1,425	-	2,457	103	-	7,326
Utilities	11,268	-	-	-	-	-	11,268
Space allocation and repairs	16,572	24,200	-	16,138	3,818	-	60,728
Postage, printing and delivery	8,443	15,789	548	14,129	53	-	38,962
Public relations	22,045	-	4,182	1,781	-	-	28,008
Interfund transfer	-	-	-	-	54,230	(54,230)	-
Other	69,114	770	21,705	161,581	-	-	253,170
Total expenses	391,703	267,225	48,801	550,100	88,913	(54,230)	1,292,512
Change in net assets	46,779	858	68,671	696	(54,231)	-	62,773
Net assets (deficit) at January 1, 2010	2,126,062	-	(199,750)	-	50,893	-	1,977,205
Net assets (deficit) at December 31, 2011	\$ 2,172,841	\$ 858	\$ (131,079)	\$ 696	\$ (3,338)	\$ -	\$ 2,039,978

SUPPLEMENTARY INFORMATION - SINGLE AUDIT REPORTS



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**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***

The Board of Directors
Latin Chamber of Commerce of USA, Inc.:

We have audited the financial statements of the Latin Chamber of Commerce of USA, Inc. (the "Organization") as of and for the year ended December 31, 2011, and have issued our report thereon date May 24, 2012. 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

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization'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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02, that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 board of directors, management, others within the Organization, state awarding agencies, and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Sanson Kline Jasemine Landee & Hamarra, LLP

May 24, 2012



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**Independent Auditor's Report on Compliance With Requirements That Could Have
a Direct and Material Effect on Each Major State Project and on Internal Control
Over Compliance in Accordance With Chapter 10.650, Rules of the Auditor General**

The Board of Directors
Latin Chamber of Commerce of USA, Inc.:

Compliance

We have audited the Latin Chamber of Commerce of USA, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major state projects for the year ended December 31, 2011. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with Chapter 10.650, Rules of the Auditor General, and which is described in the accompanying schedule of findings and questioned costs as item 2011-03.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state projects. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.



A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the board of directors, management, others within the Organization, state awarding agencies, and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Sansen Kline Jacomina Landee S Hamarra, LLP

May 24, 2012

Latin Chamber of Commerce of USA, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

December 31, 2011

State Agency / Pass-through Entity / State Project Title	CSFA No.	Grant / Contract Number	Pass-thru Amount to Subrecipient	Expenditures
Executive Office of the Governor:				
Passed-through Enterprise Florida, Inc.:				
Florida Trade	31.046	INT 11-02/ INT 12-01	N/A	\$ 452,833
Florida Films	31.046	INT 11-02	N/A	<u>97,264</u>
Executive Office of the Governor Total				<u>550,097</u>
Grand Total				<u>\$ 550,097</u>

See accompanying notes to the schedule of expenditures of state financial assistance.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

December 31, 2011

NOTE A – GENERAL

The accompanying Schedule of Expenditures of State Financial Assistance (the “Schedule”) presents the activity of all state programs of the Latin Chamber of Commerce of USA, Inc (the “Organization”) over which the Organization exercised direct operating control for the year ended December 31, 2011. All state financial assistance expended during the year ended December 31, 2011 from state agencies are included on the Schedule.

NOTE B – BASIS OF PRESENTATION

The accompanying Schedule is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2011

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? X yes _____ none reported

Noncompliance material for financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? X yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General? X yes _____ no

Identification of major projects:

<u>CFDA number</u>	<u>Name of state project</u>
31.046	Executive Office of the Governor: Passed-through Enterprise Florida, Inc. Florida Trade

Dollar threshold used to distinguish between type A and Type B programs: \$ 165,029

Auditee qualified as a low-risk auditee? X yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-01 – Review of Bank Reconciliations

Criteria: Bank reconciliations should be reviewed by an individual other than the preparer to determine that the bank reconciliations have been prepared accurately. The reviewer should sign and date the face of each bank reconciliation as evidence of his/her review.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

December 31, 2011

Condition: While conducting tests of internal controls and substantive procedures over cash, we noted that there was no evidence that bank reconciliations prepared by the Accounts Receivable Clerk were subjected to an independent review and approval by the Sr. Accountant.

Context: The finding is considered systemic in nature.

Effect: There is no way for a third-party, such as the external auditors, to determine that the Organization has adequate internal controls over the bank reconciliation process.

Cause: The Organization may be reviewing the bank reconciliations, however, it does not have a procedure in place whereby the reviewer signs and dates the face of each bank reconciliation.

Recommendation: We recommend that the Sr. Accountant initial and date the face of each bank reconciliation, as evidence of his review and approval. Implementation of the recommendation above will assist in the safeguarding of Organization's assets, increase the reliability of the processed data, and strengthen internal controls over cash.

2011-02 – Employee Pay Rates and Time Off

Criteria: Payroll records should agree with the information contained in employee personnel files.

Condition: During our test of internal controls over the payroll process, we noted instances where personnel files did not include appropriate documentation of approved pay rates. In addition, employee paid time off and vacation time accrued and used are not tracked.

Context: This finding is considered systemic in nature.

Effect: Without appropriate documentation of pay rates, and by not tracking and monitoring paid time off and vacation time accrued, errors in payroll could occur.

Cause: The Organization currently does not have procedures in place to document employee pay rates, other than for newly hired employees, nor does the Organization have procedures in place to monitor and track employee paid time off and vacation time accrued and used.

Recommendation: Management should ensure that all employee personnel files contain documentation of approved pay rates. As employees receive any type of adjustment to their pay, documentation should be maintained in their files as evidence of such adjustments. In addition, employee paid time off and vacation time accrued and used should be tracked, at least on a monthly basis, in order ensure that each employee is not exceeding the allowable paid time off and vacation time in accordance with the Organization's policies.

SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

2011-03 – Reporting

State Agency: Executive Office of the Governor

CSFA No. and Title: 31.046, Award Nos. INT 11-02 / 12-01 - Florida Trade

Pass-through Entity: Enterprise Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

December 31, 2011

Criteria: The Organization must submit Quarterly Reports and a Final Report to Enterprise Florida, Inc. by a specific due date or the first Monday thereafter if the due date is on a weekend.

Condition: We noted three instances where the Quarterly and Final Reports were not filed by the due date.

Questioned Costs: None

Context: The finding is considered systematic in nature.

Effect: Untimely filing of required reports could result in withholding or loss of grant funds or other forms of penalties for noncompliance.

Cause: The information required for reporting to the funding agency is gathered from various personnel within the Organization. The Organization does not have adequate procedures in place to ensure that the required information is obtained from these individuals on a timely basis in order for the Organization to report timely to the funding agency.

Recommendation: The Organization should enhance its procedures to ensure that all personnel submit information required on a timely basis in order for the Organization to report timely to the funding agency.

View of Responsible Official and Planned Corrective Actions: Since information gathering from various personnel is required for reporting purposes, information can take some time to gather. The Managing Director sends emails with ample time to ensure all information is submitted timely. We will ensure that procedures are in place in order to obtain the information required for the reports well in advance so that we can report to the funding agency on a timely basis.

SECTION IV – OTHER MATTERS

- No management letter has been presented because there are no items related to State financial assistance required to be reported in the management letter.
- No summary schedule of prior audit findings is required because there was no state single audit performed in the prior year.