

AUDIT REPORT
TAHLEQUAH AREA CHAMBER OF COMMERCE
FOR THE YEAR ENDED JUNE 30, 2015

AUDITED BY
ALAN CHAPMAN
CERTIFIED PUBLIC ACCOUNTANT
401 South Water
TAHLEQUAH, OKLAHOMA

**TAHLEQUAH AREA
CHAMBER OF COMMERCE**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Tahlequah Area Chamber of Commerce
Tahlequah, Oklahoma

We have audited the accompanying financial statements of Tahlequah Area Chamber of Commerce, (a non-profit organization) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on my audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

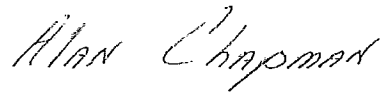
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Tahlequah Area Chamber of Commerce as of June 30, 2015, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued a report dated November 12, 2015, on our consideration of Tahlequah Area Chamber of Commerce's internal controls 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tahlequah Area Chamber of Commerce's internal control over financial reporting and compliance.

November 12, 2015

A handwritten signature in cursive script that reads "Alan Chapman".

Alan Chapman, CPA

**TAHLEQUAH AREA CHAMBER OF COMMERCE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2015**

ASSETS

CURRENT ASSETS

CHAMBER BANCFIRST	\$ 17,206.14
TOURISM BCC	12,965.30
ACCOUNTS RECEIVABLE	<u>23,056.00</u>

TOTAL CURRENT ASSETS 53,227.44

FIXED ASSETS

BUILDING AND FFE	94,462.45
ACCUMULATED DEPRECIATION	<u>(49,866.87)</u>

TOTAL FIXED ASSETS 44,595.58

TOTAL ASSETS 97,823.02

LIABILITIES & NET ASSETS

CURRENT LIABILITIES

ACCOUNTS PAYABLE	17,401.28
CURRENT PAYROLL TAX	419.44
PAST PAYROLL TAX	<u>146,082.19</u>

TOTAL CURRENT LIABILITIES 163,902.91

NET ASSETS

UNRESTRICTED NET ASSETS (66,079.89)

TOTAL NET ASSETS (66,079.89)

TOTAL LIABILITIES & NET ASSETS \$ 97,823.02

The accompanying notes and auditor's report are an integral part of these financial statements.

**TAHLEQUAH AREA CHAMBER OF COMMERCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUE & SUPPORT	
ADMINISTRATIVE INCOME	\$ 39,922.70
DIRECT PUBLIC SUPPORT	1,020.34
TAX CONTRACT	97,851.17
MEMBERSHIP DUES	83,976.50
SPECIAL PROJECTS	<u>107,823.99</u>
TOTAL REVENUE & SUPPORT	\$ <u>330,594.70</u>
PROGRAM SERVICES	
PAYROLL EXPENSES	\$ 77,624.99
PROGRAM SERVICES	<u>68,137.27</u>
TOTAL PROGRAM SERVICES	\$ <u>145,762.26</u>
MANAGEMENT AND GENERAL	
OCCUPANCY	\$ 26,122.13
OPERATIONS	22,660.24
DEPRECIATION	3,568.00
OTHER	<u>7,429.12</u>
TOTAL MANAGEMENT AND GENERAL	\$ <u>59,779.49</u>
INCREASE IN NET ASSETS	\$ 125,052.95
NET ASSETS IN PRIOR PERIOD (RESTATED)	<u>(191,132.84)</u>
NET ASSETS AT END OF YEAR	\$ <u>(66,079.89)</u>

The accompanying notes and auditor's report are integral part of these financial statements.

**TAHLEQUAH AREA CHAMBER OF COMMERCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	
Increase in Net Assets	125,052.95
Adjustment to Reconcile Change in Net Assets to net Cash Provided by Operating Activities	
Depreciation	3,568.00
(Increase) Decrease Accounts Receivable	(13,757.00)
Increase (Decrease) Accounts Payable	(44,795.56)
Increase (Decrease) Payroll Liabilities	(15,019.37)
Increase (Decrease) Unearned Revenue	<u>(25,670.00)</u>
Net Cash Provided by Operating Activities	<u>29,379.02</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Furniture and Fixtures	(1,018.45)
(Increase) Decrease in Investment Account	<u>-</u>
Net cash Provided (Used) by Investing Activities	<u>(1,018.45)</u>
NET CHANGE IN CASH	<u>28,360.57</u>
CASH AT BEGINNING OF YEAR	<u>1,810.87</u>
CASH AT END OF YEAR	<u>30,171.44</u>
ADDITIONAL CASH FLOW INFORMATION	
Interest Paid	<u>271.73</u>

The accompanying notes and auditor's report are an Integral part of these financial statements.

NOTES

**TAHLEQUAH AREA
CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tahlequah Area Chamber of Commerce was incorporated as a non-profit corporation on September 20, 2000. The organization is tax exempt under regulation 501 (c)(6) of the Internal Revenue Code. However, the Form 990 is required to be filed with the Internal Revenue Service on an annual basis. The Tahlequah Area Chamber of Commerce is a non-profit entity. The Tahlequah Area Convention and Visitors Bureau operates in conjunction with the Chamber and is funded by the Hotel/Motel tax collected by the City of Tahlequah.

Nature of the Organization

The Tahlequah Area Chamber of Commerce was organized for the purpose of providing an organization that promotes community development, tourism, and business development and enhancement.

Basis of Accounting

The financial statement of the Tahlequah Area Chamber of Commerce have been prepared on the accrual basis of accounting, revenues are recognized when they are measurable and susceptible to accrual and expenses are recognized when they are incurred, in accordance with accounting principles generally accepted in the United States of America .

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in 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. Accordingly, net assets of the organization and changes they undergo over time are classified as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor imposed restrictions that will be met, either by actions of the organization and or the passage of time. When a restriction expires, temporarily restricted net assets are as reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**TAHLEQUAH AREA
CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently Restricted Net Assets - Net assets subject to donor restrictions that must be maintained permanently by the organization. Generally, the donors of these assets allow the organization to use all or part of the income generated by these assets for general or specific purposes, such as an endowment fund.

Cash and Cash Equivalents

For financial statement purposes, the organization considers all unrestricted highly liquid investments with a maturity date of three months or less to be cash or cash equivalents. The Tahlequah Area Chamber of Commerce had no investments at June 30, 2015.

Deposits and Investments

The Tahlequah Area Chamber of Commerce's deposits at June 30, 2015, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the Chamber or by its agent in the Chambers name.

Fixed Assets

Property and equipment are carried at cost in the books, or if donated, carried at estimated fair market value at the date of donation, except for the valuation of the building which has been valued using an appraisal based on comparable closed transactions and the average price per square foot. Depreciation is determined by using the straight-line method. The service life by property class type is as follows:

Buildings	30 years
Furniture & Equipment	7 years
Computer Equipment	3 years

Functional Allocation of Expenses

The cost of providing the various programs and other activities should be illustrated to a degree by program function in the statement of Support, Revenue, and Expenses. Accordingly, certain costs should be allocated among the programs.

**TAHLEQUAH AREA
CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Accordingly, actual results differ from those estimates.

Donated Assets

Assets that are donated are recorded as contributions at their fair-market value on the date of donation.

Income Taxes

The Tahlequah Area Chamber of Commerce is exempt from federal and state income taxes due to Section 501 (c)(6) of the Internal Revenue Code. In addition, Tahlequah Area Chamber of Commerce has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. This does not preclude the Tahlequah Area Chamber of Commerce from filing IRS Form 990 within 15 days of the fifth month after year end, these returns remain subject to federal tax jurisdiction for a remainder of three years. Open tax years 2013, 2014, and 2015.

Inventory

Expendable items are recorded as expenses when purchased. Therefore inventories are not reflected in the financial statements.

NOTE 2: PENSION PLAN

The Tahlequah Area Chamber of Commerce does not have or administer a pension plan for its employees.

NOTE 3: THE BUDGET

Tahlequah area Chamber of Commerce prepares their budgets on the same basis of accounting as the financial statement presentation basis - accrual basis.

**TAHLEQUAH AREA
CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2015**

NOTE 4: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 12, 2015, which is the date the financial statement was available to be issued. The Chamber's legal council has responded to matters that existed as of 6/30/15, and as of 10/30/15. The Tahlequah Area Chamber of Commerce's legal council has stated there is litigation, the plaintiff filed a Civil lawsuit in Cherokee County in July of 2015 against Tahlequah Area Chamber of Commerce. Plaintiff is seeking a judgment in an amount in excess of \$75,000, in addition to attorney's fees and costs. Chamber's legal council is of the opinion that due to the available evidence, the likelihood of an unfavorable outcome is minimal.

NOTE 5: PRIOR PERIOD ADJUSTMENTS

Adjustments related to prior periods, and thus excluded in the determination of net income for the current period, are limited to those material adjustments which (a) can be specifically identified with and directly related to the business activities of particular prior periods, and (b) are not attributable to economic events occurring subsequent to the date of the financial statements for the prior period, and (c) depend primarily on determinations by persons other than management and (d) were not susceptible of reasonable estimation prior to such determination. Such adjustments are rare in modern financial accounting. They relate to events or transactions which occurred in a prior period, the accounting effects of which could not be determined with reasonable assurance at that time, usually because of some major uncertainty then existing.

There has been a prior period adjustment decrease to Retained Earnings, in the amount of \$3,520.

NOTE 6: LONG TERM DEBT

At the statement of financial position date of June 30, 2015, there was no long term debt.

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

Board of Trustees
Tahlequah Area Chamber of Commerce
Tahlequah, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards, applicable to financial audits contained in *Government Auditing Standard* Issued by the Comptroller General of the United States, the financial statements of Tahlequah Area Chamber of Commerce (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tahlequah Area Chamber of Commerce's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tahlequah Area Chamber of Commerce's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tahlequah Area Chamber of Commerce's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness*, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tahlequah Area Chamber of Commerce's financial statements are free of material misstatements, 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 statements 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 12, 2015

A handwritten signature in cursive script that reads "Alan Chapman".

Alan Chapman, CPA