

AUDIT REPORT
TAHLEQUAH AREA
CHAMBER OF COMMERCE
FOR THE YEAR ENDED JUNE 30, 2014

AUDITED BY
ALAN CHAPMAN, CPA
401 South Water
TAHLEQUAH, OKLAHOMA

**TAHLEQUAH AREA
CHAMBER OF COMMERCE**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tahlequah Area Chamber of Commerce
Tahlequah, Oklahoma

Report on the Financial Statement

I have audited the accompanying statement of financial position of the Tahlequah Area Chamber of Commerce, as of June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statement, 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 statement 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

At the date of the financial statement, June 30, 2014, uncertainty remains over the penalties and interest associated with payroll taxes, that could be imposed or adjusted by the Department of Treasury, and the unknown effect of the outcome of this uncertainty.

Qualified Opinion

In my opinion, except for the uncertainty of adjustments related to the penalties and interest on payroll taxes by the Department of Treasury, discussed in Note 4, the financial statement referred to above present fairly, in all material respects, the financial position of Tahlequah Area Chamber of Commerce, as of June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

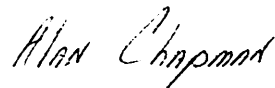
Emphasis of Matter

The accompanying financial statement has been prepared assuming that the Tahlequah Area Chamber of Commerce will continue as a going concern. As discussed in Note 4 to the financial statement, the amounts and effects of adjustments to penalties and interest on payroll taxes by the Department of Treasury are not known at June 30, 2014 and raise substantial doubt about its ability to continue as a going concern. The financial statement does not include any adjustment that might result from the outcome of this uncertainty.

Emphasis of Matter

We have been engaged to audit the statement of financial position only and not the related statements that would make up a complete set of financial statements, the omission of these statements could influence the users conclusion about the financial position of the Tahlequah Area Chamber of Commerce. My opinion is not modified with respect to this matter.

November 21, 2014



Alan Chapman, CPA

**TAHLEQUAH AREA
CHAMBER OF COMMERCE**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash	\$ 1,811	
Accounts Receivable	<u>9,299</u>	
Total Current Assets		\$ 11,110

NON-CURRENT ASSETS

Fixed Assets, Net of Depreciation		<u>47,145</u>
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Total Assets		<u><u>\$ 58,255</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 58,677	
Unearned Revenue - Community Profile Ad Sales	25,670	
Accrued Payroll	1,770	
Payroll Liabilities	<u>159,751</u>	
Total Current Liabilities		\$ 245,868

LONG TERM LIABILITIES

None	<u>\$ -</u>	\$ -
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NET ASSETS

Unrestricted Net Assets	<u>\$ (187,613)</u>	
Total Net Assets		<u>(187,613)</u>

Net Liabilities and Net Assets		<u><u>\$ 58,255</u></u>
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The accompanying notes and auditors report are an integral part of this financial statement.

**TAHLEQUAH AREA
CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

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 and is a non-profit entity. The Tourism Council 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, 2014**

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, 2014.

Deposits and Investments

The Tahlequah Area Chamber of Commerce's deposits at June 30, 2014, 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. The Statement of Support, Revenue and Expense has been omitted from this presentation.

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.

**TAHLEQUAH AREA
CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2012, 2013, and 2014. The Tahlequah Area Chamber of Commerce is not in compliance with this filing requirement and have lost their tax exempt status, currently they have reapplied and have received a preliminary determination letter of reinstatement.

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.

NOTE 4: GOING CONCERN ISSUE

At June 30, 2014, uncertainty remains over the possibility of adjustments related to the penalties and interest on payroll taxes by the Department of Treasury, the amounts and effects of those adjustments which could have an adverse effect on the Chambers ability to continue as a going concern.

**TAHLEQUAH AREA
CHAMBER OF COMMERCE
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2014**

NOTE 5: INCOMPLETE PRESENTATION

The auditor has been engaged to audit the Statement of Financial Position only and not the related statements that would make up a complete set of financial statements. The opinion is being issued on the results of the Statement of Financial Position and not on the financial statements taken as a whole.

NOTE 6: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 21, 2014, which is the date the financial statement was available to be issued. At the date of the audit report, the reports from the Oklahoma State Auditor and Oklahoma State Bureau of Investigation in regards to the investigation of the alleged allegations of embezzlement were not available for issuance. As of January 27, 2015 the Oklahoma State Auditor has released its investigative report of the Tahlequah Area Chamber of Commerce.

As of January 27, 2015, management has represented that the liability related to the Community Profile Ad Sales has been completed.

NOTE 7: LONG TERM DEBT

At the statement of financial position date of June 30, 2014, there was no long term debt.