

**APACHE JUNCTION CHAMBER OF
COMMERCE**

Annual Financial Statements
and
Independent Auditors' Reports

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Apache Junction Chamber of Commerce
Apache Junction, Arizona

We have audited the accompanying financial statements of Apache Junction Chamber of Commerce (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, 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 our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks 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 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 statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apache Junction Chamber of Commerce as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Colby + Powell

July 11, 2018

APACHE JUNCTION CHAMBER OF COMMERCE
Statement of Financial Position
December 31, 2017

ASSETS

Current Assets	
Cash	\$ 166,085
Accounts receivable	1,587
Contract receivable	<u>10,250</u>
Total current assets	177,922
Property and equipment, net	<u>165,479</u>
TOTAL ASSETS	<u><u>\$ 343,401</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 577
Accrued liabilities	<u>17,910</u>
Total current liabilities	18,487
Net Assets	
Unrestricted	<u>324,914</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 343,401</u></u>

The accompanying notes are an integral part of these financial statements.

APACHE JUNCTION CHAMBER OF COMMERCE
Statement of Activities
For the Year Ended December 31, 2017

	<u>Unrestricted</u>
Revenues	
Membership dues	\$ 115,691
Events	107,031
Buyer's guide	81,975
Contracts	41,000
Miscellaneous	14,438
Activities	4,934
Total revenues	365,069
Expenses	
Program services	
Chamber activities	278,233
Visitor center	35,474
Supporting activities	
Management and general	22,468
Fund raising	11,237
Total expenses	347,412
Increase in unrestricted net assets	17,657
Net assets - beginning of year	307,257
NET ASSETS - END OF YEAR	\$ 324,914

The accompanying notes are an integral part of these financial statements.

APACHE JUNCTION CHAMBER OF COMMERCE
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Activities			Supporting Services		Total Expenses
	Chamber Activities	Visitor Center	Total	Management and General	Fund Raising	
Personnel costs	\$ 182,250	\$ 25,985	\$ 208,235	\$ 15,425	\$ 7,712	\$ 231,372
Membership	27,935	-	27,935	2,069	1,035	31,039
Event costs	16,841	2,401	19,242	1,425	713	21,380
Board activities	9,199	1,164	10,363	-	-	10,363
Utilities	6,979	1,328	8,307	615	308	9,230
Depreciation	6,170	880	7,050	522	261	7,833
Supplies	5,710	814	6,524	483	242	7,249
Repairs and maintenance	3,798	541	4,339	321	161	4,821
Professional services	3,300	471	3,771	279	140	4,190
Insurance	3,056	436	3,492	259	129	3,880
Advertising	2,684	383	3,067	227	114	3,408
Bank fees	2,801	-	2,801	208	104	3,113
Travel and conferences	2,358	336	2,694	200	100	2,994
Other	2,215	316	2,531	187	94	2,812
Dues and subscriptions	1,919	274	2,193	162	81	2,436
Postage	1,018	145	1,163	86	43	1,292
Total expenses	\$ 278,233	\$ 35,474	\$ 313,707	\$ 22,468	\$ 11,237	\$ 347,412

The accompanying notes are an integral part of these financial statements.

APACHE JUNCTION CHAMBER OF COMMERCE
Statement of Cash Flows
For the Year Ended December 31, 2017

Cash Flows from Operating Activities	
Change in net assets	\$ 17,657
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,833
(Increase) decrease in:	
Accounts receivable	1,436
Undeposited funds	410
Increase (decrease) in:	
Accounts payable	(2,274)
Accrued liabilities	6,893
Net cash provided by operating activities	<u>31,955</u>
Net increase in cash	31,955
Cash - beginning of year	<u>134,130</u>
CASH - END OF YEAR	<u><u>\$ 166,085</u></u>

The accompanying notes are an integral part of these financial statements.

APACHE JUNCTION CHAMBER OF COMMERCE

Notes to Financial Statements

December 31, 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The Apache Junction Chamber of Commerce (the Chamber) was formed to develop goals and programs which will support the growth of the Chamber members while improving the overall quality of life in Apache Junction, Arizona and the surrounding areas. The specific programs the Chamber is involved with include government affairs, community development, business retention and expansion of membership services.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Cash – Cash consists of demand deposits and time deposits with financial institutions. These deposits are federally insured.

Accounts Receivable – Accounts receivable consists of membership dues. Management does not anticipate any material collection loss with respect to the balance in accounts receivable; accordingly, no allowance for doubtful accounts has been established.

Contract Receivable – Contract receivable consists of amounts due from the City of Apache Junction for the operation of the Visitors Information Center. Management believes the receivable amount is fully collectible and, therefore, has not provided an allowance for doubtful accounts.

Property and Equipment – Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the individual assets, ranging from 5-7 years for furniture and equipment, and 39 years for buildings and building improvements.

Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Donated Services – Donated services are recognized only if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A number of volunteers have made contributions of their time and the Chamber to help with programs, provide clerical support and general maintenance. The value of this contributed time is not reflected in the financial statements, since it does not meet the recognition criteria.

APACHE JUNCTION CHAMBER OF COMMERCE

Notes to Financial Statements

December 31, 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

The following program and supporting services are included in the accompanying financial statements:

Chamber Activities

Encompasses providing programs to promote, develop and unite the business community in and around Apache Junction.

Visitor Center

Includes the operations of a visitor information center, which provides a means for patrons to have easy access to information about all licensed businesses located within city limits.

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Chamber; and manage the financial and budgetary responsibilities of the Chamber.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, organizations, and corporations.

Income Taxes – Income taxes are not provided for in the financial statements since the Chamber is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and similar state statutes. Furthermore, the Chamber has been classified by the Internal Revenue Service as a publicly supported organization, and not as a private foundation.

Revenue Recognition – Membership dues are recognized as revenue in the applicable membership period. Any unearned amounts are included in deferred revenue at the end of each accounting period. Revenue from other activities and programs are recognized when earned.

APACHE JUNCTION CHAMBER OF COMMERCE
Notes to Financial Statements
December 31, 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Management's Review – Management has evaluated subsequent events through July 11, 2018, the date on which the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2017:

Buildings	\$ 285,124
Furniture and equipment	33,227
Land	10
Accumulated depreciation	<u>(152,882)</u>
Property and equipment, net	<u>\$ 165,479</u>

Depreciation expense for the year ending December 31, 2017, was \$7,833.