

To the Board of Directors
Chamber of Commerce of Springdale, Arkansas, Inc.
Springdale, Arkansas

We have audited the financial statements of Chamber of Commerce of Springdale, Arkansas, Inc. (the Chamber) for the year ended December 31, 2018, and have issued our report thereon dated June 10, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated November 2, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Chamber are described in Note 1 to the financial statements. As described in Note 1, the Chamber adopted FASB's ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in 2018. We noted no transactions entered into by the Chamber during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements include the following:

- Depreciable lives and estimate residual value of property and equipment
- Allowance for uncollectible receivables
- Deferred revenue
- Classifications of net assets
- Allocation of functional expenses

We evaluated key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The Board may wish to monitor throughout the year the processes used to compute and record such accounting estimates.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 10, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Chamber's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Chamber's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Chamber of Commerce of Springdale, Arkansas, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

S.F. Fiser & Company

June 10, 2019
Springdale, Arkansas

CHAMBER OF COMMERCE
OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017
WITH
REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors
To the Board of Directors
Chamber of Commerce of Springdale, Arkansas, Inc.
Springdale, Arkansas

We have audited the accompanying financial statements of Chamber of Commerce of Springdale, Arkansas, Inc. (the Chamber) (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Chamber'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 Chamber'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 Chamber of Commerce of Springdale, Arkansas, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of a Matter

As discussed in Note 1, during the year ended December 31, 2018, the Chamber of Commerce of Springdale, Arkansas, Inc. adopted Accounting Standard Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation had no impact on previously reported net assets. Our opinion is not modified with respect to this matter.

S.F. Fiser & Company

June 10, 2019
Springdale, Arkansas



CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current assets		
Cash	\$ 205,933	\$ 317,948
Certificates of deposit	39,463	38,964
Accounts receivable, net	11,664	41,120
Other current assets	15,802	6,905
Total current assets	<u>272,862</u>	<u>404,937</u>
Property and equipment, at cost		
Land	10,000	10,000
Building improvements	859,593	820,912
Equipment	157,922	143,039
Furniture and fixtures	75,819	75,819
	<u>1,103,334</u>	<u>1,049,770</u>
Less accumulated depreciation	597,970	609,502
Total property and equipment	<u>505,364</u>	<u>440,268</u>
	<u>\$ 778,226</u>	<u>\$ 845,205</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities		
Current maturities of long-term debt	\$ 9,925	\$ -
Bank note payable	50,000	135,445
Accounts payable	8,437	8,047
Accrued payroll	29,518	16,879
Accrued expenses	18,500	64,533
Total current liabilities	<u>116,380</u>	<u>224,904</u>
Deferred revenue	<u>231,431</u>	<u>218,624</u>
Long-term debt less current maturities	<u>12,841</u>	<u>-</u>
Net assets		
Without donor restrictions	242,993	195,416
With donor restrictions	174,581	206,261
Total net assets	<u>417,574</u>	<u>401,677</u>
	<u>\$ 778,226</u>	<u>\$ 845,205</u>

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Support			
Contributions	\$ 16,109		\$ 16,109
Net assets released from restriction	108,383	\$ (108,383)	-
Total support	<u>124,492</u>	<u>(108,383)</u>	<u>16,109</u>
Revenue			
Member dues	507,861		507,861
Contractual income	525,161		525,161
Membership services	168,009		168,009
Governmental	62,876		62,876
Golf tournament	57,857		57,857
Leadership	66,842		66,842
Web page sponsorships	28,772		28,772
Workforce programs	169,678		169,678
Ignite Springdale	-	76,125	76,125
Education	124,800		124,800
Chickin', Peelin' and Politicin'	78,496		78,496
City Future Retreat	18,000		18,000
Artwork Program	2,900		2,900
Other revenue	19,632	424	20,056
Interest income	1,140	154	1,294
Total revenue	<u>1,832,024</u>	<u>76,703</u>	<u>1,908,727</u>
Total support and revenue	<u>1,956,516</u>	<u>(31,680)</u>	<u>1,924,836</u>
Expenses			
Program services	841,802		841,802
Management and general	956,832		956,832
Fundraising	8,075		8,075
Membership	102,230		102,230
Total expenses	<u>1,908,939</u>	<u>-</u>	<u>1,908,939</u>
Changes in net assets	47,577	(31,680)	15,897
Net assets at beginning of year	<u>195,416</u>	<u>206,261</u>	<u>401,677</u>
Net assets at end of year	<u>\$ 242,993</u>	<u>\$ 174,581</u>	<u>\$ 417,574</u>

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Support			
Contributions	\$ 2,397		\$ 2,397
Net assets released from restriction	283,138	\$ (283,138)	-
Total support	<u>285,535</u>	<u>(283,138)</u>	<u>2,397</u>
Revenue			
Member dues	465,042		465,042
Contractual income	504,949		504,949
Membership services	159,850		159,850
Governmental	61,882		61,882
Golf tournament	58,253		58,253
Leadership	51,868		51,868
Web page sponsorships	36,428		36,428
Workforce Programs	163,277		163,277
Ignite Springdale	-	168,392	168,392
Education	118,381		118,381
Chickin', Peelin' and Politicin'	70,264		70,264
City Future Retreat	116,554		116,554
Artwork Program	7,296		7,296
Other revenue (expense)	(3,565)	9,721	6,156
Interest income	453	66	519
Total revenue	<u>1,810,932</u>	<u>178,179</u>	<u>1,989,111</u>
Total support and revenue	<u>2,096,467</u>	<u>(104,959)</u>	<u>1,991,508</u>
Expenses			
Program services	875,991		875,991
Management and general	998,487	46	998,533
Fundraising	8,046		8,046
Membership	108,265		108,265
Total expenses	<u>1,990,789</u>	<u>46</u>	<u>1,990,835</u>
Changes in net assets	105,678	(105,005)	673
Net assets at beginning of year	<u>89,738</u>	<u>311,266</u>	<u>401,004</u>
Net assets at end of year	<u>\$ 195,416</u>	<u>\$ 206,261</u>	<u>\$ 401,677</u>

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
 (A NOT-FOR-PROFIT ORGANIZATION)
 STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Membership	Total
Salaries and wages	\$ 425,311	\$ 626,876	\$ 6,429	\$ 12,966	\$ 1,071,582
Payroll taxes and retirement	46,502	81,673	836	1,686	130,697
Vehicle and mileage allowance	1,110	2,501	25	50	3,686
Insurance	29,088	59,890	438	891	90,307
Office supplies	8,406	18,305	84	168	26,963
Credit card fees		7,812			7,812
Computer supplies		4,080		2,676	6,756
Equipment maintenance		7,127		7,128	14,255
Dues and subscriptions		15,243			15,243
Professional fees		24,511			24,511
Training	14,958				14,958
Building repairs and maintenance		16,810			16,810
Interest		4,466			4,466
Utilities		12,002			12,002
Telephone	2,559	3,427	171	2,559	8,716
Postage	1,375	1,742	92	1,375	4,584
Board of directors		2,709			2,709
Membership				72,731	72,731
Governmental	33,275				33,275
Leadership	16,577				16,577
Golf tournament	25,898				25,898
Baseball	21,244				21,244
Workforce programs	66,675				66,675
Web page maintenance	26,221				26,221
Ignite Springdale	90,100				90,100
Chickin', Peelin' and Politicin'	17,841				17,841
City Future Retreat	12,931				12,931
Artwork program	1,731				1,731
Miscellaneous		17,186			17,186
Depreciation		50,472			50,472
	<u>\$ 841,802</u>	<u>\$ 956,832</u>	<u>\$ 8,075</u>	<u>\$ 102,230</u>	<u>\$ 1,908,939</u>

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Membership	Total
Salaries and wages	\$ 418,035	\$ 603,581	\$ 6,320	\$ 12,744	\$ 1,040,680
Payroll taxes and retirement	45,765	80,378	823	1,659	128,625
Vehicle and mileage allowance	2,279	4,980	52	102	7,413
Insurance	34,416	59,873	518	1,055	95,862
Office supplies	9,727	19,271	97	195	29,290
Credit card fees		6,971			6,971
Computer supplies		8,337		5,245	13,582
Equipment maintenance		6,571		6,572	13,143
Dues and subscriptions		16,018			16,018
Professional fees		73,591			73,591
Training	21,603				21,603
Building repairs and maintenance		18,893			18,893
Interest		6,961			6,961
Utilities		14,608			14,608
Telephone	2,630	3,770	175	2,630	9,205
Postage	916	1,163	61	916	3,056
Board of directors		8,068			8,068
Membership				77,147	77,147
Governmental	30,326				30,326
Leadership	17,335				17,335
Golf Tournament	21,999				21,999
Baseball	16,580				16,580
Workforce programs	114,496				114,496
Web page maintenance	23,932				23,932
Ignite Springdale	22,526				22,526
Chickin', Peelin' and Politicin'	20,066				20,066
City Future Retreat	63,067				63,067
Artwork program	10,293				10,293
Miscellaneous		37,003			37,003
Depreciation		28,496			28,496
	\$ 875,991	\$ 998,533	\$ 8,046	\$ 108,265	\$ 1,990,835

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 15,897	\$ 673
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	50,472	28,496
Decrease in accounts receivable	29,456	1,810
Decrease (increase) in other current assets	(8,897)	4,604
Increase (decrease) in accounts payable	390	(5,966)
Increase (decrease) in accrued payroll	12,639	(12,570)
Increase (decrease) in accrued expenses	(46,033)	50,533
Increase (decrease) in deferred revenue	12,807	(6,487)
Net cash provided by operating activities	<u>66,731</u>	<u>61,093</u>
Cash flows from investing activities		
Purchase of equipment	(115,568)	(280,685)
Certificates of deposit, net	(499)	(51)
Net cash used by investing activities	<u>(116,067)</u>	<u>(280,736)</u>
Cash flows from financing activities		
Short term borrowings, net	(85,445)	235,445
Long term borrowings, net	22,766	(100,000)
Net cash provided (used) by financing activities	<u>(62,679)</u>	<u>135,445</u>
Net decrease in cash and cash equivalents	(112,015)	(84,198)
Cash and cash equivalents at beginning of year	<u>317,948</u>	<u>402,146</u>
Cash and cash equivalents at end of year	<u>\$ 205,933</u>	<u>\$ 317,948</u>
Supplemental information		
Cash payments of interest expense	\$ 4,466	\$ 6,961

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1) Summary of significant accounting policies:

Nature of activities -

Chamber of Commerce of Springdale, Arkansas, Inc., (the Chamber), is a not-for-profit organization which was incorporated in the state of Arkansas on June 24, 1946. The Chamber promotes economic growth and development in Springdale, Arkansas, as well as community involvement and interaction. Revenues are derived primarily from membership dues, economic and industrial development contracts, and various programs provided for the community.

Basis of accounting -

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

Basis of presentation -

In accordance with generally accepted accounting principles, contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of the restriction and reported in the statement of activities and changes in net assets, as net assets released from restriction.

Income taxes -

The Chamber is a not-for-profit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(6) and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the Chamber 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.

The Chamber's tax returns are open and subject to examination by the Internal Revenue Service from the 2015 tax year forward. However, there are currently no audits in process for any open tax years.

Estimates and assumptions -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect certain reported amounts of assets and liabilities and 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.

Functional allocation of expenses -

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated between program services, management and general, fundraising, and membership.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1) Summary of significant accounting policies: (continued)

Cash equivalents -

For purposes of the statement of cash flows, the Chamber considers all highly liquid short-term securities with original maturities of three months or less to be cash equivalents. However, no such investments were owned by the Chamber at December 31, 2018 and 2017.

Property and equipment -

Property and equipment is being depreciated based upon the straight-line method over the estimated useful lives of the individual assets. Estimated useful lives are as follows:

	<u>Years</u>
Building improvements	20 - 39
Equipment	3 - 10
Furniture and fixtures	5 - 10

Repairs and maintenance along with replacement cost of insignificant items are expensed as incurred, while major acquisitions of property and equipment are capitalized.

Accounts receivable and allowance for uncollectible accounts -

Accounts receivable are stated at unpaid account balances, less an allowance for uncollectible accounts of \$570 at December 31, 2018 and 2017.

The Chamber uses the allowance method of accounting for bad debts. This allowance, as of the end of each year, is determined by management based upon a complete review of all individual account balances comprising total accounts receivable. Management considers past credit history, member's financial condition, subsequent payment of account balances, and other facts as appropriate.

The Chamber's practice is to charge off any account or portion of account when the account is determined by management to be uncollectible due to failure to meet repayment terms, deteriorating or deteriorated financial condition, or for other reasons.

Deferred revenue -

The Chamber records membership dues as deferred revenue when a commitment is made by the Chamber member. The amount of dues recognized as revenue each month is recorded ratably over the membership term using the straight-line method. The Chamber also records fees collected in advance for special events as deferred revenue. Such fees are recognized as revenue when the events occur. Deferred revenue consists of unrecognized membership dues of \$200,794 and \$188,141 and special event fees collected but unearned of \$30,637 and \$30,483, at December 31, 2018 and 2017, respectively.

Advertising -

The Chamber follows a policy of charging the cost of advertising to expense as incurred. There was no advertising cost for the years ended December 31, 2018 and 2017.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1) Summary of significant accounting policies: (continued)

Promises to give -

Promises to give are recognized when the donor makes an unconditional promise to give monies or other non-cash items to the Chamber. A conditional promise to give is recorded when the condition on which it depends is substantially met. Donor-restricted promises to give are reported as increases in net assets with donor restrictions. When a time or event restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributed services -

No amounts have been reflected in the financial statements for donated services. The Chamber generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Chamber, but these services do not meet the criteria for recognition as contributed services.

Interest -

Total interest expense was \$4,466 and \$6,961 for the years ended December 31, 2018 and 2017, respectively, none of which was capitalized.

Recent accounting pronouncements -

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 provides guidance that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. ASU 2014-09 is effective for annual and interim periods beginning after December 15, 2016. In August 2015, FASB issued ASU 2015-14, *Revenue from Contracts with Customers*. ASU 2015-14 deferred the effective date of ASU 2014-09 to annual periods beginning after December 15, 2018. Management is currently evaluating the impact, if any, ASU 2014-09 will have on the Chamber's financial position, results of operations, and its financial statement disclosures.

In February 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02"), which creates Accounting Standard Codification (ASC) Topic 842, *Leases*, and supersedes the lease accounting requirements in Topic 840, *Leases*. In summary, Topic 842 requires entities that lease assets - referred to as "lessees" - to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The amendments in ASU 2016-02 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Therefore, the amendments in ASU 2016-02 will become effective for the Chamber at the beginning of its 2019 fiscal year. Management is currently assessing the impact of implementing the new guidance on the Chamber's financial statements.

Change in accounting principle -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit entity (NFP) financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The ASU significantly changes how NFPs present net assets on the face of the financial statements by reducing the number of classes of net assets from three to two. The ASU also requires disclosure of expenses by nature and functional classification, eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method and requires additional disclosures about liquidity and availability of the entity's resources. The Chamber has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The implementation had no impact on previously reported net assets.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2) Operating lease commitments:

The Chamber leases certain office equipment under two non-cancellable operating leases. The lease terms are sixty months and expire in March 2021 and June 2023. The monthly lease obligation is \$947.

The Chamber also leases a luxury suite at a local stadium under a non-cancellable operating lease. The lease term is thirty-six months and expires in June 2021. The annual lease obligation is \$20,000.

As of December 31, 2018, the total remaining operating lease payments under the non-cancellable operating leases are as follows:

		\$	
2019			31,364
2020			31,364
2021			23,471
2022			840
2023			420
			420
		\$	87,459

Note 3) Net assets:

Net assets without donor restrictions are available for general obligations of the Chamber.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by the donors at December 31, 2018 and 2017:

		<u>2018</u>		<u>2017</u>
Donated building	\$	6,410	\$	6,410
Ignite Springdale fund		101,857		275,632
Benevolent fund		116		1,096
		108,383		283,138
Total restrictions released	\$	108,383	\$	283,138

Net assets with donor restrictions are restricted by donors to be used for some specific purpose or over a specific time. Net assets with donor restrictions are restricted to the following purposes at December 31, 2018 and 2017:

		<u>2018</u>		<u>2017</u>
Donated building	\$	104,704	\$	111,114
Ignite Springdale fund		43,907		69,252
Benevolent fund		25,970		25,895
		174,581		206,261
Net assets with donor restrictions	\$	174,581	\$	206,261

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 3) Net assets: (continued)

The Chamber has \$187,183 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$136,056, certificates of deposits of \$39,463, and receivables of \$11,664. Receivables are subject to implied time restrictions but are expected to be collected within one year.

The Chamber has a goal to maintain financial assets, which consists of cash and certificates of deposits, on hand to meet one month of normal operating expenses, which are, on average, approximately \$156,000. The Chamber has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, as part of its liquidity management, the Chamber invests cash in excess of daily requirements in various short-term investments, including certificates of deposits. As more fully described in Note 6, the Chamber also has committed lines of credit in the amount of \$250,000, which could be drawn upon in the event of an unanticipated liquidity level.

An explanation of the specific uses of net assets with donor restrictions are as follows:

Donated building -

A building was donated to the Chamber for use as its office in May, 1996. The fair market value of the building at the date of donation was \$250,000. The Chamber has elected to adopt an accounting policy to imply a time restriction on the building which expires over the building's useful life of 39 years. This allows for better matching of the recognition of the non-cash donation with depreciation taken each year. The Chamber transferred \$6,410 from net assets with donor restrictions to net assets without donor restrictions during 2018 and 2017.

Ignite Springdale fund -

The Ignite Springdale fund consists of monies designated for a targeted series of strategic and community-minded initiatives expected to impact Springdale and Northwest Arkansas over the next decade. The primary objectives of the initiative include elevating entertainment and retail, creating technology jobs, insuring a pro-business attitude of Springdale's elected officials, implementing a small business education program and creating new downtown development.

Benevolent fund -

The Benevolent fund arose from excess funds received from the United Way of Springdale upon its merger with the United Way of Fayetteville. These funds are controlled by a separate board of directors, but are in the Chamber's name. Certain donor imposed restrictions have been placed on these funds. They must be used in or for the Springdale community, and there is a \$1,000 maximum contribution limit to each donee.

Note 4) Retirement plan:

The Chamber maintains a 401(k) defined contribution salary deferral plan covering substantially all of its employees. Under the plan, the Chamber matches each employee's salary deferral dollar for dollar up to five percent of their salary. In 2018 and 2017, the Chamber made contributions into the plan of \$56,001 and \$40,616, respectively.

Note 5) Related party transactions:

The Chamber maintains a policy of conducting its business activities, as much as possible, with members of the Chamber. These activities are conducted in the ordinary course of business as arm's length transactions.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
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Note 6) Bank note payable:

Bank note payable at December 31, 2018, consists of a \$250,000 line of credit from a commercial bank to be drawn upon as needed through February 10, 2020. Interest is payable monthly at 5.75%, with all principal and unpaid accrued interest due at maturity. The note is secured by a lien on the Chamber's corporate office building and had an outstanding balance of \$50,000 and \$135,445 for the years ended December 31, 2018 and 2017, respectively.

Note 7) Long-term debt:

The Chamber maintains an installment note with a financial institution. The installment note has an interest rate of 2.90% with monthly payments of \$872 and matures in May 2021. The note is collateralized by a certain vehicle and has an outstanding balance at December 31, 2018, of \$22,766.

Long term debt matures as follows:

2019	\$	9,925
2020		10,217
2021		<u>2,624</u>
	\$	<u><u>22,766</u></u>

Note 8) Fair values of financial instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and interest-bearing deposits -

The carrying amount of cash and interest-bearing deposits is its fair value.

Bank note payable and long-term debt -

The terms of the Chamber's bank note payable and long-term debt are reset periodically to reflect current market conditions. Consequently, the carrying amount of such liabilities approximates their fair value.

Note 9) Concentrations:

At various times throughout the year, the Chamber may have cash deposits in excess of federally insured limits. Such deposits are maintained in well capitalized commercial banks. In management's opinion, the associated risk is minimal. At December 31, 2018, there were no deposits in excess of federally insured limits.

Note 10) Subsequent events:

Management has evaluated subsequent events through June 10, 2019, the date which the financial statements were available for release. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.