

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

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2007 AND 2006
WITH
ACCOUNTANTS' REVIEW REPORT



The Board of Directors
Chamber of Commerce of Springdale, Arkansas, Inc.
Springdale, Arkansas

We have reviewed the accompanying statements of financial position of Chamber of Commerce of Springdale, Arkansas, Inc. (a not-for-profit organization) as of December 31, 2007, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Chamber of Commerce of Springdale, Arkansas, Inc.

A review consists principally of inquiries of the organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2007 financial statements in order for them to be in conformity with generally accepted accounting principles.

The financial statements for the year ended December 31, 2006, were audited by us, and we expressed an unqualified opinion on them in our report dated February 28, 2007, but we have not performed any auditing procedures since that date.

A handwritten signature in black ink, appearing to read 'S.F. Fiser & Company', is written over the date and location.

April 25, 2008
Springdale, Arkansas

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006
SEE ACCOUNTANTS' REVIEW REPORT

| | (Reviewed) <u>2007</u> | (Audited) <u>2006</u> |
|---|---------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Current assets | | |
| Cash | \$ 524,143 | \$ 660,059 |
| Certificates of deposit | 326,623 | 66,855 |
| Accounts receivable, net of allowance for doubtful accounts of \$570 | 86,025 | 90,147 |
| Other current assets | <u>8,001</u> | <u>3,347</u> |
| Total current assets | <u>944,792</u> | <u>820,408</u> |
| Property and equipment, at cost | | |
| Land | 10,000 | 10,000 |
| Building improvements | 497,689 | 497,689 |
| Equipment | 102,574 | 102,574 |
| Furniture and fixtures | <u>65,555</u> | <u>59,601</u> |
| | 675,818 | 669,864 |
| Less accumulated depreciation | <u>351,908</u> | <u>327,275</u> |
| Total property and equipment | <u>323,910</u> | <u>342,589</u> |
| | <u>\$ 1,268,702</u> | <u>\$ 1,162,997</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities | | |
| Accounts payable | \$ 4,844 | \$ 5,807 |
| Accrued payroll | 1,999 | 3,610 |
| Payroll taxes payable | <u>6,185</u> | <u>5,735</u> |
| Total current liabilities | <u>13,028</u> | <u>15,152</u> |
| Deferred revenue | <u>297,767</u> | <u>252,030</u> |
| Net assets | | |
| Unrestricted - undesignated | 55,234 | 23,627 |
| Unrestricted - designated | 13,127 | 16,584 |
| Temporarily restricted | <u>889,546</u> | <u>855,604</u> |
| Total net assets | <u>957,907</u> | <u>895,815</u> |
| | <u>\$ 1,268,702</u> | <u>\$ 1,162,997</u> |

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2007 AND 2006
SEE ACCOUNTANTS' REVIEW REPORT

| | (Reviewed) <u>2007</u> | (Audited) <u>2006</u> |
|---|---------------------------|--------------------------|
| Unrestricted revenue | | |
| Member dues | \$ 290,987 | \$ 281,534 |
| Contractual income | 177,400 | 157,400 |
| Contributions | 2,017 | 3,938 |
| Membership services | 96,642 | 85,301 |
| Governmental | 19,135 | 1,240 |
| Leadership | 29,739 | 12,865 |
| Featherfest | 92,179 | 92,569 |
| Golf tournament | 41,183 | 35,807 |
| Publications | 56,715 | 75,990 |
| Web page sponsorships | 17,265 | 17,740 |
| Other revenue | 88,983 | 22,291 |
| Interest income | 10,699 | 6,827 |
| Total unrestricted revenue | <u>922,944</u> | <u>793,502</u> |
| Net assets released from restriction | | |
| Contribution recognized | 6,410 | 6,410 |
| Assets released from Springdale Tomorrow fund | 424,117 | 276,617 |
| Total net assets released from restriction | <u>430,527</u> | <u>283,027</u> |
| Total unrestricted revenue and net assets released from restriction | <u>1,353,471</u> | <u>1,076,529</u> |
| Expenses | | |
| Program services | 449,069 | 420,044 |
| Management and general | 472,857 | 388,118 |
| Fund raising | 427,360 | 252,255 |
| Membership | 124,875 | 129,624 |
| Total expenses | <u>1,474,161</u> | <u>1,190,041</u> |
| Change in unrestricted net assets | <u>(120,690)</u> | <u>(113,512)</u> |
| Interest income from temporarily restricted net assets | 20,401 | 13,895 |
| Temporarily restricted contributions | 592,908 | 479,412 |
| Net assets released from restriction | <u>(430,527)</u> | <u>(283,028)</u> |
| Change in temporarily restricted net assets | <u>182,782</u> | <u>210,279</u> |
| | 62,092 | 96,767 |
| Net assets - beginning of year | <u>895,815</u> | <u>799,048</u> |
| Net assets - end of year | <u>\$ 957,907</u> | <u>\$ 895,815</u> |

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES (REVIEWED)
YEAR ENDED DECEMBER 31, 2007
SEE ACCOUNTANTS' REVIEW REPORT

| | Program Service | Management and General | Fundraising | Membership | Total |
|----------------------------------|--------------------|---------------------------|-------------------|-------------------|---------------------|
| Salaries and wages | \$ 166,998 | \$ 258,456 | \$ 2,525 | \$ 5,091 | \$ 433,070 |
| Payroll taxes and retirement | 17,164 | 31,602 | 309 | 622 | 49,697 |
| Vehicle and mileage allowance | 1,108 | 2,419 | 25 | 50 | 3,602 |
| Insurance | 18,396 | 29,354 | 277 | 564 | 48,591 |
| Office supplies | 12,375 | 12,728 | 124 | 247 | 25,474 |
| Credit card fees | | 3,081 | | | 3,081 |
| Computer supplies | | 2,526 | | 2,526 | 5,052 |
| Equipment maintenance | | 11,167 | | 11,167 | 22,334 |
| Dues and subscriptions | | 8,103 | | | 8,103 |
| Professional fees | | 20,896 | 423,808 | | 444,704 |
| Training | 45,988 | | | | 45,988 |
| Building repairs and maintenance | | 5,295 | | | 5,295 |
| Utilities | | 7,907 | | | 7,907 |
| Telephone | 2,969 | 3,760 | 198 | 2,969 | 9,896 |
| Postage | 1,407 | 1,782 | 94 | 1,407 | 4,690 |
| Board of directors | | 43,533 | | 100,232 | 43,533 |
| Membership | | | | | 100,232 |
| Governmental | 19,790 | | | | 19,790 |
| Leadership | 16,130 | | | | 16,130 |
| Golf tournament | 19,809 | | | | 19,809 |
| Featherfest | 70,034 | | | | 70,034 |
| Web page maintenance | 41,737 | | | | 41,737 |
| Miscellaneous | 15,164 | 5,339 | | | 20,503 |
| Depreciation | | 24,909 | | | 24,909 |
| | <u>\$ 449,069</u> | <u>\$ 472,857</u> | <u>\$ 427,360</u> | <u>\$ 124,875</u> | <u>\$ 1,474,161</u> |

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
 (A NOT-FOR-PROFIT ORGANIZATION)
 STATEMENT OF FUNCTIONAL EXPENSES (AUDITED)
 YEAR ENDED DECEMBER 31, 2006
 SEE ACCOUNTANTS' REVIEW REPORT

| | Program Service | Management and General | Fundraising | Membership | Total |
|----------------------------------|--------------------|---------------------------|-------------------|-------------------|---------------------|
| Salaries and wages | \$ 177,765 | \$ 212,123 | \$ 2,188 | \$ 4,413 | \$ 396,489 |
| Payroll taxes and retirement | 23,931 | 43,257 | 430 | 868 | 68,486 |
| Vehicle and mileage allowance | 473 | 1,033 | 24 | 20 | 1,550 |
| Insurance | 15,801 | 25,213 | 238 | 484 | 41,736 |
| Office supplies | 6,879 | 12,620 | 63 | 138 | 19,700 |
| Credit card fees | | 1,488 | | | 1,488 |
| Computer supplies | | 623 | | 623 | 1,246 |
| Equipment maintenance | | 13,525 | | 13,525 | 27,050 |
| Dues and subscriptions | | 8,080 | | | 8,080 |
| Professional fees | | 12,771 | 248,910 | | 261,681 |
| Training | 45,228 | | | | 45,228 |
| Building repairs and maintenance | | 5,077 | | | 5,077 |
| Utilities | | 9,226 | | | 9,226 |
| Telephone | 3,919 | 4,964 | 261 | 3,919 | 13,063 |
| Postage | 2,117 | 2,681 | 141 | 2,117 | 7,056 |
| Board of directors | | 4,646 | | | 4,646 |
| Membership | | | | 103,517 | 103,517 |
| Governmental | 2,709 | | | | 2,709 |
| Leadership | 12,254 | | | | 12,254 |
| Golf tournament | 15,356 | | | | 15,356 |
| Featherfest | 57,205 | | | | 57,205 |
| Web page maintenance | 19,467 | | | | 19,467 |
| Miscellaneous | 36,940 | 6,515 | | | 43,455 |
| Depreciation | | 24,276 | | | 24,276 |
| | <u>\$ 420,044</u> | <u>\$ 388,118</u> | <u>\$ 252,255</u> | <u>\$ 129,624</u> | <u>\$ 1,190,041</u> |

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, 2007 AND 2006
SEE ACCOUNTANTS' REVIEW REPORT

| | (Reviewed) <u>2007</u> | | (Audited) <u>2006</u> |
|--|---------------------------|----|--------------------------|
| Cash flows from operating activities | | | |
| Change in net assets | \$ 62,092 | \$ | 96,767 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | | |
| Depreciation | 24,909 | | 24,276 |
| Decrease in trade accounts receivable | 4,122 | | 79,700 |
| Increase in other current assets | (4,654) | | (160) |
| Increase (decrease) in accounts payable | (963) | | 5,807 |
| Decrease in accrued payroll | (1,611) | | (62) |
| Increase in payroll taxes payable | 450 | | 553 |
| Increase (decrease) in deferred revenue | <u>45,737</u> | | <u>(140,663)</u> |
| Net cash provided by operating activities | <u>130,082</u> | | <u>66,218</u> |
| Cash flows from investing activities | | | |
| Purchase of equipment | (6,230) | | (12,827) |
| Increase in certificates of deposit | <u>(259,768)</u> | | <u>(2,205)</u> |
| Net cash used by investing activities | <u>(265,998)</u> | | <u>(15,032)</u> |
| Net increase (decrease) in cash and cash equivalents | (135,916) | | 51,186 |
| Cash and cash equivalents at beginning of year | <u>660,059</u> | | <u>608,873</u> |
| Cash and cash equivalents at end of year | <u>\$ 524,143</u> | \$ | <u>660,059</u> |

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
SEE ACCOUNTANTS' REVIEW REPORT

Note 1) Summary of significant accounting policies:

Organization -

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 financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Basis of presentation -

In accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, restricted net assets are reclassified to unrestricted net assets 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.

As required by SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*, the Chamber reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Organization had no permanently restricted net assets at December 31, 2007 and 2006.

Income taxes -

The Chamber is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and similar statutes of the State of Arkansas. Therefore, no provision for income taxes has been made in the financial statements.

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 the 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.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
SEE ACCOUNTANTS' REVIEW REPORT

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

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 cost, general and administrative cost, fundraising cost, and membership cost.

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, 2007 and 2006.

Property and equipment -

Property and equipment is being depreciated based upon the straight-line method over the following estimated useful lives:

| | <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 property additions are capitalized.

Accounts receivable and allowance for uncollectible accounts -

Accounts receivable are stated at unpaid account balances, less the allowance for uncollectible accounts.

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.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
SEE ACCOUNTANTS' REVIEW REPORT

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

Deferred revenue -

The Chamber records membership dues as deferred revenue when the cash is received. The amount earned each month is appropriately recognized as income in that period. The Chamber also records fees collected in advance for special events as deferred revenue. The fees are recognized as revenue when the events occur. The existing balance in deferred revenue consists of dues received of \$164,295 and \$110,569 and fees collected of \$133,472 and \$141,461, but unearned at December 31, 2007 and 2006, respectively.

Advertising -

The Chamber follows the policy of charging the cost of advertising to expense as incurred. Total advertising cost for the years ended December 31, 2007 and 2006, were \$12,900 and \$14,564, respectively.

Promises to give -

Contributions 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 contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a time or event restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated services -

The Chamber receives limited donated services from volunteers for the various community programs. Management cannot practically determine the number of volunteer hours. The volunteers' time does not meet the criteria for recognition.

Note 2) Concentrations of credit risk:

Cash deposits in excess of federally insured limits at December 31, 2007, were \$533,468. Such deposits are maintained at well capitalized commercial banks. In management's opinion, the associated risk is minimal.

The Chamber's success is greatly dependent upon the growth and development of Springdale, Arkansas and surrounding area.

Note 3) 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 2007 and 2006, the Chamber made contributions into the plan of \$15,706 and \$14,246, respectively.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
 (A NOT-FOR-PROFIT ORGANIZATION)
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006
 SEE ACCOUNTANTS' REVIEW REPORT

Note 4) Related party transactions:

The Chamber maintains a policy of conducting their 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.

Note 5) Net assets:

Unrestricted net assets are available for general obligations of the Chamber.

Unrestricted-designated net assets are monies designated by management or the Board of Directors for a specific purpose. Unrestricted-designated net assets consists of the following at December 31, 2007 and 2006:

| | <u>2007</u> | <u>2006</u> |
|--|------------------|------------------|
| Benevolent Fund | \$ 9,709 | \$ 13,310 |
| Building Fund | <u>3,418</u> | <u>3,274</u> |
| Total unrestricted-designated net assets | <u>\$ 13,127</u> | <u>\$ 16,584</u> |

Temporarily restricted net assets are restricted by donors to be used for some specific purpose or over a specific time. Temporarily restricted net assets consists of the following at December 31, 2007 and 2006:

| | <u>2007</u> | <u>2006</u> |
|---|-------------------|-------------------|
| Donated Building | \$ 175,214 | \$ 181,625 |
| Benevolent Fund | 47,312 | 45,242 |
| Springdale Tomorrow Fund | <u>667,020</u> | <u>628,737</u> |
| Total temporarily restricted net assets | <u>\$ 889,546</u> | <u>\$ 855,604</u> |

An explanation of the specific uses of designated and temporarily restricted net assets 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 its 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 temporarily restricted net assets to unrestricted net assets during 2007 and 2006.

Benevolent fund -

The benevolent account 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.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
SEE ACCOUNTANTS' REVIEW REPORT

Note 5) Net assets: (continued)

Springdale Tomorrow fund -

The Chamber is in the process of raising \$2.2 million to implement Springdale Tomorrow. This is a targeted series of strategic and community-minded initiatives expected to expend in excess of \$2 million to impact Springdale and Northwest Arkansas for years to come.

Note 6) Fair value 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 their fair value.