

Tahlequah Area Chamber of Commerce

Audited Financial Statements
For the Year Ended June 30, 2024

*Northeastern Oklahoma Accounting, PLLC
Tahlequah, OK*

*Tahlequah Area Chamber of Commerce
As of and for the Year Ended June 30, 2024*

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NORTHEASTERN OKLAHOMA ACCOUNTING
109 E. DELAWARE ★ TAHLEQUAH OKLAHOMA 74464

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Tahlequah
Chamber of Commerce Tahlequah,
Oklahoma

Opinion

We have audited the accompanying financial statements of Tahlequah Chamber of Commerce (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tahlequah Chamber of Commerce as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tahlequah Chamber of Commerce and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tahlequah Chamber of Commerce's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tahlequah Chamber of Commerce's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tahlequah Chamber of Commerce's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Northeastern Oklahoma Accounting, PLLC
November 1, 2024

Financial Statements

Tahlequah Area Chamber of Commerce
Statement of Financial Position
As of June 30, 2024

ASSETS

Current Assets

Cash and Cash Equivalents (Note 2)	138,903
Accounts Receivable	63,908
Total Current Assets	<u>202,811</u>

Non-current Assets

Property, Plant & Equipment, net	93,280
Total Non-current Assets	<u>93,280</u>

Total Assets	<u><u>296,091</u></u>
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LIABILITIES

Current Liabilities

Accounts Payable	38,406
Accrued Wages & Taxes	3,026
Accrued Leave (Note 5)	3,664
Deferred Revenue	12,473
Current Portion of Long Term Debt (Note 7)	2,644
Total Current Liabilities	<u>60,213</u>

Non-current Liabilities

Note Payable (Note 7)	56,925
Total Non-current Liabilities	<u>56,925</u>

Total Liabilities	117,138
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NET ASSETS

Net Assets Without Donor Restrictions	178,953
Net Assets With Donor Restrictions	-

Total Net Assets	178,953
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Total Liabilities and Net Assets	<u><u>296,091</u></u>
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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, 2024

Unrestricted Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues and Support</u>			
Hotel/Motel Tax	341,198	-	341,198
County Lodging	167,756	-	167,756
Contracts	7,500	-	7,500
Program Income	223,459	-	223,459
Memberships	97,333	-	97,333
Reimbursements	89,201	-	89,201
Other Income	58,788	-	58,788
Released from Restricted Assets	-	-	-
<i>Total Revenue and Support</i>	985,235	-	985,235
 <u>Expenses</u>			
Program Services:			
Chamber	400,003	-	400,003
Tourism	530,677	-	530,677
<i>Total Program Services</i>	930,680	-	930,680
Supporting Services:			
Management and General	44,962	-	44,962
<i>Total Supporting Services</i>	44,962	-	44,962
Total Expenses	975,642	-	975,642
<i>Change in Net Assets</i>	9,593	-	9,593
Net Assets at Beginning of Year	169,360	-	169,360
<i>Net Assets at End of Year</i>	178,953	-	178,953

The accompanying notes and Auditor's Report are an integral part of these financial statements.

Tahlequah Area Chamber of Commerce
Statement of Functional Expenses
For the Year Ended June 30, 2024

	<i>Program Services</i>		<i>Supporting Services</i>	<i>Total</i>
	<i>Chamber</i>	<i>Tourism</i>	<i>Mgmt & Gen'l</i>	
Personnel Expenses:				
Wages and Payroll Taxes	202,329	113,270	-	315,599
Employee Benefits and Retirement	17,782	8,422	-	26,205
Contract Labor	4,978	1,989	-	6,967
<i>Total Personnel Expenses</i>	<u>225,089</u>	<u>123,681</u>	<u>-</u>	<u>348,770</u>
Occupancy Expenses:				
Promotions and Special Events	54,960	10,091	-	65,051
Supplies	14,709	-	-	14,709
Insurance	5,245	-	-	5,245
Dues and Subscriptions	1,876	-	-	1,876
Repairs and Maintenance	1,989	-	-	1,989
Taxes	2,343	-	-	2,343
Telephone	4,459	-	-	4,459
Utilities	8,952	-	-	8,952
<i>Total Occupancy Expenses</i>	<u>94,533</u>	<u>10,091</u>	<u>-</u>	<u>104,623</u>
Administrative Expenses:				
Bank Fees	-	-	3,427	3,427
Interest	-	-	2,280	2,280
Advertising and Promotional	1,905	-	-	1,905
Professional Services	6,500	3,250	20,478	30,228
Printing, Office and Postage	12,957	60	-	13,017
<i>Total Administrative Expenses</i>	<u>21,362</u>	<u>3,310</u>	<u>26,185</u>	<u>50,857</u>
Equipment Expenses:				
Equipment	6,852	3,382	-	10,234
Website and Chamber Master	-	-	-	-
<i>Total Equipment Expenses</i>	<u>6,852</u>	<u>3,382</u>	<u>-</u>	<u>10,234</u>
Other Expenses:				
Miscellaneous	204	2,754	-	2,958
Community Events	-	45,087	-	45,087
Meetings and Meals	51,963	1,223	-	53,185
Community and Business Development	-	336,006	-	336,006
Depreciation	-	-	18,777	18,777
Travel and Conferences	-	5,145	-	5,145
<i>Total Other Expenses</i>	<u>52,167</u>	<u>390,214</u>	<u>18,777</u>	<u>461,158</u>
Total Functional Expenses	<u><u>400,003</u></u>	<u><u>530,677</u></u>	<u><u>44,962</u></u>	<u><u>975,642</u></u>

The accompanying notes and Auditor's Report are an integral part of these financial statements.

Tahlequah Area Chamber of Commerce
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash Flows From Operating Activities

Increase in Net Assets	9,593
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Adjustments to reconcile increase in net assets to net cash provided by operating activities:

Depreciation Expense	18,777
Decrease in Accounts Receivable	32,432
Decrease in Accounts Payable	(16,556)
Decrease in Accrued Wages & Taxes	(4,068)
Decrease in Accrued Leave	(4,881)
Increase in Deferred Revenue	<u>12,473</u>

<i>Net Cash Provided By Operating Activities</i>	47,770
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Cash Flows From Investing Activities

Investment in Fixed Assets	<u>(49,000)</u>
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<i>Net Cash Provided By Investing Activities</i>	(49,000)
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Cash Flows From Financing Activities

Repayment of Debt	<u>(2,547)</u>
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<i>Net Cash Provided By Financing Activities</i>	<u>(2,547)</u>
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Net Cash Increase in Cash & Cash Equivalents	(3,777)
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Beginning Cash & Cash Equivalents	<u>142,680</u>
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Ending Cash & Cash Equivalents	<u><u>138,903</u></u>
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The accompanying notes and Auditor's Report are an integral part of these financial statements.

Notes to Financial Statements

Tahlequah Area Chamber of Commerce
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tahlequah Chamber of Commerce (the "Organization") 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 Chamber of Commerce is a non-profit entity. Tourism operates in conjunction with the Chamber and is funded by the hotel/motel tax collected by the City of Tahlequah as well as the County Lodging Tax.

Nature of the Organization

The Tahlequah 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

Fund accounting methods and procedures were used in accounting for the financial activities of the Chamber on the accrual basis of accounting, which recognizes revenues and expenses when incurred and not when the transactions have been finally settled by the receipt or payment of cash. The principal exception to this procedure related to membership dues revenues which were recognized when received.

Basis of Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. The Organization follows the recommendations of FASB ASC 958 financial statements of Non-Profit organizations which establish standards of basic accounting and reporting for Not for Profits.

- 1) **Net Assets Without Donor Restriction** - Net assets that are not subject to or are no longer subject to donor- imposed stipulations.
- 2) **Net Assets With Donor Restriction** - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Tahlequah Area Chamber of Commerce
Notes to Financial Statements
For the Year Ended June 30, 2024

Principles of Consolidation

The accompanying financial statements reflect the consolidated financial statements of Tahlequah Area Chamber of Commerce and the Tourism Organization. Tourism is managed by the board of directors of the Tahlequah Area Chamber of Commerce. The purpose of the consolidation is for the Tahlequah Area Chamber of Commerce to manage the Tourism Organization. Material inter-Organization transactions and accounts are eliminated.

Use of Estimates

The preparation of financial statements 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, are stated at carrying cost at June 30, 2024, which approximates fair value due to the relatively short maturity of these instruments. Other financial instruments held at year-end are investments, which are stated at fair value.

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 Chamber of Commerce had no investments on June 30, 2024.

Deposits and Investments

The Tahlequah Chamber of Commerce deposits on June 30, 2024, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the Organization or by its agent in the Organization's name.

Property and Equipment

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. The Organization adopted a capitalization policy of \$2,500 for determining when a fixed asset should be capitalized and depreciated. 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

Tahlequah Area Chamber of Commerce
Notes to Financial Statements
For the Year Ended June 30, 2024

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 revenue, expenses, and changes in net assets. Accordingly, certain costs should be allocated among the programs.

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 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 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 Chamber of Commerce from filing IRS Form 990 within 15 days of the fifth month after year end.

Management believes that all of the positions taken by the Organization in its federal and state income tax returns are more likely than not to be sustained upon examination. The Organization files returns in the U.S. Federal jurisdiction. The Organization's federal income tax returns for the tax years 2020 and beyond remain subject to examination by the Internal Revenue Service.

Inventory

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

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Cash and cash equivalents as of June 30, 2024, consisted of the following:

Chamber of Commerce	
BancFirst Checking	(5,814)
BancFirst Money Market	<u>111,448</u>
Total Cash-Chamber of Commerce	105,634

**Tahlequah Area Chamber of Commerce
Notes to Financial Statements
For the Year Ended June 30, 2024**

Tourism

Armstrong Checking	30,952
Local Bank Checking	1,056
First State Bank	<u>1,262</u>
Total Cash-Tourism	33,269

Combined Cash & Cash Equivalents **138,903**

NOTE 3: FIXED ASSETS

The Organization's changes in property and equipment as of June 30, 2024, consisted of the following:

	<u>6/30/2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/2024</u>
Furniture & Equipment	96,854	-	-	96,854
Building Improvements	28,273	-	-	28,273
Buildings	86,944	-	-	86,944
Total Assets	<u>212,071</u>	-	-	<u>212,071</u>
Less: Accumulated Depreciation	(100,014)	(18,777)	-	(118,791)
	<u>112,057</u>	<u>(18,777)</u>	-	<u>93,280</u>

NOTE 4: PENSION PLAN

The Tahlequah Chamber of Commerce maintains a Simple IRA plan for its employees. The Organization matches up to 3% of an employee's salary. For the fiscal year 2024, the Organization contributed \$6,027 to the plan.

NOTE 5: COMPENSATED ABSENCES

Each eligible employee is entitled to accrue 120 to 200 hours of paid time off per year. If any unused PTO hours remain at the end of the calendar year, the Organization will pay up to forty (40) hours of unused PTO. Up to forty (40) hours can also be carried over to the following calendar year. At June 30, 2024, the liability for accrued leave totaled \$3,664.

NOTE 6: BUDGET

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

**Tahlequah Area Chamber of Commerce
Notes to Financial Statements
For the Year Ended June 30, 2024**

NOTE 7: LONG-TERM DEBT

At the statement of financial position date of June 30, 2024, the Organization had one long term loan with Bank of Cherokee County. The initial loan amount was \$67,845 with an interest rate of 3.74%. The loan is a 60-month loan that is amortized over 240 periods, and matures in January 2026. As of June 30, 2024, the outstanding balance was \$59,569.

The schedule of future maturities as of June 30, 2024, is as follows:

Payable To:	Date Note Matures	Rate of Interest	Original Balance	Balance at 6/30/2023	Principal Due in One Year
Bank of Cherokee Co.	1/15/2026	3.74%	\$ 67,845	\$ 59,569	\$ 2,644

NOTE 8: LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Organization or Organization Board approves that action.

	2024
Cash & Cash Equivalents & Restricted Cash	\$ 138,903
Accounts Receivable, Net, collected in Less than One Year	63,908
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Total Financial Assets, Excluding NonCurrent Receivables	202,811
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Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 202,811
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NOTE 9: SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through November 1, 2024, which is the date the financial statements were available to be issued.