

DELAWARE COUNTY CHAMBER
OF COMMERCE, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2015

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 – 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 11
OTHER FINANCIAL INFORMATION	
Schedule of Functional Expenses	12

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Delaware County Chamber of Commerce, Inc.
Delhi, New York

We have audited the accompanying financial statements of the Delaware County Chamber of Commerce, Inc. (the "Chamber") which comprise the statement of financial position as of December 31, 2015, and the related statement of activities and statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of those 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.

Auditors' 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 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 the Delaware County Chamber of Commerce, Inc. as of December 31, 2015, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mistert, Manzanero & Scott, LLP

Oneonta, New York
May 10, 2016

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015

	Chamber Fund	Tourism Fund	Matching Fund	Total
<u>ASSETS</u>				
Current assets:				
Cash	\$ 4,272	\$ 7,349	\$ 4	\$ 11,625
Accounts receivable	17,260	1,415	-	18,675
Due from other funds	932	575	-	1,507
Inventory	1,815	-	-	1,815
Total current assets	<u>24,279</u>	<u>9,339</u>	<u>4</u>	<u>33,622</u>
Long-term investments	<u>8,648</u>	<u>-</u>	<u>-</u>	<u>8,648</u>
Total assets	<u>\$ 32,927</u>	<u>\$ 9,339</u>	<u>\$ 4</u>	<u>\$ 42,270</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Current liabilities:				
Accrued expenses	\$ 167	\$ -	\$ -	\$ 167
Due to other funds	-	922	585	1,507
Income taxes payable	250	-	-	250
Deferred membership dues	6,872	-	-	6,872
Total current liabilities	<u>7,289</u>	<u>922</u>	<u>585</u>	<u>8,796</u>
Net assets:				
Unrestricted	<u>25,638</u>	<u>8,417</u>	<u>(581)</u>	<u>33,474</u>
Total liabilities and net assets	<u>\$ 32,927</u>	<u>\$ 9,339</u>	<u>\$ 4</u>	<u>\$ 42,270</u>

See accompanying notes.

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2015

	Chamber Fund	Tourism Fund	Matching Fund
Revenues and support:			
Membership fees	\$ 63,467	\$ -	\$ -
Governmental support	-	95,000	57,726
Rental revenue	7,500	-	-
Advertising revenue	10,900	-	-
Tourism revenue	34,761	110,426	-
Matching funds revenue	-	-	57,726
Special events	21,265	-	-
Interest and dividend income	10,418	-	-
Merchandise sales	728	-	-
Unrealized loss on investment	(1,420)	-	-
Donated facility	22,000	-	-
Other revenue	15	-	-
Total revenues and support	<u>169,634</u>	<u>205,426</u>	<u>115,452</u>
Expenses:			
Program services:			
Chamber activities	105,423	-	-
Tourism	-	209,952	-
Matching	-	-	116,075
Support services:			
Management and general	49,567	-	-
Total functional expenses	<u>154,990</u>	<u>209,952</u>	<u>116,075</u>
Change in net assets (deficit)	14,644	(4,526)	(623)
Net assets - Beginning of year	<u>10,994</u>	<u>12,943</u>	<u>42</u>
NET ASSETS - END OF YEAR	<u><u>\$ 25,638</u></u>	<u><u>\$ 8,417</u></u>	<u><u>\$ (581)</u></u>

See accompanying notes.

<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 63,467
-	152,726
-	7,500
	10,900
(34,761)	110,426
(57,726)	-
-	21,265
(4,976)	5,442
-	728
-	(1,420)
-	22,000
-	15
<u>(97,463)</u>	<u>393,049</u>
	105,423
(39,737)	170,215
(57,726)	58,349
-	49,567
<u>(97,463)</u>	<u>383,554</u>
-	9,495
-	23,979
<u>\$ -</u>	<u>\$ 33,474</u>

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2015

Cash flows from operating activities:	
Increase in net assets	\$ 9,495
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	44
Unrealized loss on investments	1,420
(Increase) decrease in operating assets:	
Accounts receivable	(2,064)
Inventories	(351)
Prepaid expense	1,279
Increase (decrease) in operating liabilities:	
Accrued expenses	(2,906)
Membership fees received in advance	(7,647)
NET CASH USED IN OPERATING ACTIVITIES	<u>(730)</u>
Cash flows from investing activities:	
Purchase of investment	<u>(302)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(302)</u>
DECREASE IN CASH	(1,032)
Cash and cash equivalents - Beginning of year	<u>12,657</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 11,625</u>

See accompanying notes.

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

The Delaware County Chamber of Commerce, Inc. (the “Chamber”) is organized under the membership corporation laws of the State of New York. The Chamber is committed to advancing the general welfare and prosperity of Delaware County, and its adjacent areas, so that its citizens and all areas of its business community shall prosper. Its mission is to promote private enterprise and mutually beneficial relationships among its members and between business and community through government relations, member services, education relations, community development, economic development, and tourism.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation follows the accounting principles generally accepted in the United States of America (U.S. GAAP). Under U.S. GAAP, the Chamber 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.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ended or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions on contributions for acquiring property and equipment expire when the asset is placed in service unless donors provide more specific instructions.

Basis of Accounting

The financial statements of the Chamber have been prepared on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Fund Accounting – Eliminations

The accounts of the Chamber are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting on purposes into funds established according to their nature and purpose. Interfund transfers are eliminated on the statement of activities.

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Fund Accounting (Cont'd.)

In the financial statements, the chamber fund includes funds and activities for general organization and membership events; tourism fund includes funds and activities for general tourism; and the matching fund includes funds and activities for the Chamber's New York State Tourism Matching Funds Program.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Chamber considers all unrestricted highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consisted of membership dues and are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts. At December 31, 2015, no allowance for uncollectible accounts was considered necessary.

Inventory

Inventory consisting of promotional t-shirts and merchandise is stated at the lower of cost or market. Cost is determined by using the first-in, first-out method of accounting.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are value at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 5 to 15 years.

The amounts reported in the financial statements do not purport to represent replacement or realizable values. Note 4 to the financial statements presents more detailed information relating to property and equipment.

Deferred Membership Dues

Income from membership dues and fees are deferred and recognized over the periods to which the dues and fees relate.

Advertising

The Chamber uses advertising to promote its program activities and tourism in Delaware County. These costs are expensed as incurred and amounted to \$195,322 after interfund transfers are eliminated.

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities and schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses incurred during the current year, applicable to future accounting periods, are recorded as prepaid expenses.

Income Taxes

The Delaware County Chamber of Commerce, Inc. is a not-for-profit organization under Section 501(c)(6) of the Internal Revenue Code and as such is not subject to federal or state income tax. However, certain activities are considered by the Internal Revenue Service as income unrelated to the Chamber's exempt purpose, and are therefore taxed at corporate rates. Generally, these activities relate to the health insurance benefit program (See Note 5).

The Chamber reviews the components of revenues, gains, and expenditures; and analyzes whether the position that the Chamber takes with regard to a particular item of income or expense would meet the definition of an uncertain tax position under U.S. GAAP. Management believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Chamber files income tax returns in the U.S. federal jurisdiction and New York State jurisdiction. The tax years that remain subject to examination by taxing authorities are generally the previous three years.

Fair Value Measurement – Definition and Hierarchy

Generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Chamber. Unobservable inputs are inputs that reflect the Chamber's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy broken down into three levels based on the reliability on inputs is as follows:

Level 1: Valuations are based on quoted prices in active markets for identical assets and liabilities that the Chamber has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. All of the Chamber's investments are Level 1 investments.

Level 2: Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3: Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

Events Occurring After Reporting Date

Subsequent events were evaluated through May 10, 2016, which is the date the financial statements were available to be issued.

NOTE 3 INVESTMENTS

Investments are presented in the financial statements at Level 1 fair value, as discussed in Note 2. Investments consist of 58 shares of IBM stock. Dividends earned are reinvested. Investments consisted of securities with cost of \$3,231 and market value of \$8,648 at December 31, 2015.

Investment return at December 31, is calculated as follows:

Dividends	\$ 302
Unrealized loss	<u>(1,420)</u>
Total	<u>\$ (1,118)</u>

NOTE 4 PROPERTY AND EQUIPMENT

Equipment and depreciation at December 31, consisted of:

Office equipment	\$ 50,170
Less: Accumulated depreciation	<u>(50,170)</u>
Property and equipment, net	<u>\$ -</u>

Depreciation amounted to \$44 for the year ended December 31, 2015.

NOTE 5 HEALTH INSURANCE BENEFIT PROGRAM

The Chamber offers its members group health insurance benefit plans that are administered by a local insurance agency. The agency pays a monthly fee for office space and equipment rental of \$625 a month; and a quarterly fee for advertising membership benefits of \$2,625. These amounts are considered unrelated business income for tax purposes (See Note 7).

DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 CONCENTRATION OF CREDIT RISK

Cash

The Chamber maintains cash balances at several financial institutions. Balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. All cash balances at December 31, 2015 were insured.

Accounts Receivable

As of December 31, 2015, credit risk with respect to membership dues receivables was limited due to the low individual amounts that are spread over a broad and varied membership.

Investments

Investments consist of equity securities subject to market value fluctuations.

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DELAWARE COUNTY CHAMBER OF COMMERCE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended December 31, 2015

	Program Services			Total Program Services
	Chamber Fund	Tourism Fund	Matching Fund	
Employee compensation:				
Salaries	\$ 36,142	\$ 37,208	\$ -	\$ 73,350
Employee benefits	5,910	-	-	5,910
Payroll taxes	3,117	-	-	3,117
Total employee compensation	<u>45,169</u>	<u>37,208</u>	<u>-</u>	<u>82,377</u>
Other expenses:				
Professional fees	20,088	-	-	20,088
Operating supplies	708	-	-	708
Telephone and internet	2,156	-	1,158	3,314
Website	-	-	8,570	8,570
Postage and shipping	1,459	72	2,197	3,728
Nonmonetary occupancy expense	11,000	-	-	11,000
Rental equipment and maintenance	2,382	3,533	-	5,915
Advertising	(74)	159,028	94,668	253,622
Travel and conferences	2,884	3,139	9,472	15,495
Dues and subscriptions	487	1,535	-	2,022
Interest and bank charges	91	-	-	91
Insurance	1,805	-	-	1,805
Membership reimbursement	6,185	-	-	6,185
Board activities	-	-	-	-
Shirt purchases	(351)	-	-	(351)
Golf tournament	5,227	-	-	5,227
Business EXPO	5,807	-	-	5,807
Other events	-	-	-	-
Miscellaneous	385	5,437	10	5,832
Total before depreciation	<u>105,408</u>	<u>209,952</u>	<u>116,075</u>	<u>431,435</u>
Depreciation	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
Total functional expenses	<u>\$ 105,423</u>	<u>\$ 209,952</u>	<u>\$ 116,075</u>	<u>\$ 431,450</u>

See auditors' report.

<u>Management and General</u>	<u>Eliminations</u>	<u>Total</u>
\$ 18,077	\$ (32,345)	\$ 59,082
2,956	-	8,866
1,559	-	4,676
<u>22,592</u>	<u>(32,345)</u>	<u>72,624</u>
10,430	-	30,518
706	(749)	665
719	(648)	3,385
-	-	8,570
486	-	4,214
11,000	-	22,000
2,380	(1,019)	7,276
-	(57,726)	195,896
-	-	15,495
486	-	2,508
90	-	181
1,204	-	3,009
-	-	6,185
113	-	113
-	-	(351)
-	-	5,227
-	-	5,807
250	-	250
(918)	(4,976)	(62)
<u>49,538</u>	<u>(97,463)</u>	<u>383,510</u>
29	-	44
<u>\$ 49,567</u>	<u>\$ (97,463)</u>	<u>\$ 383,554</u>