

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2005 AND 2004  
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, 2005 and 2004, 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 financial statements in order for them to be in conformity with generally accepted accounting principles.

*S.F. Fiser & Company*

May 4, 2006

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.  
(A NOT-FOR-PROFIT ORGANIZATION)  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2005 AND 2004  
SEE ACCOUNTANTS' REVIEW REPORT

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Current assets		
Cash	\$ 608,873	\$ 302,756
Certificates of deposit	64,650	63,715
Accounts receivable, net of allowance for doubtful accounts of \$570	169,847	120,216
Other current assets	3,187	875
Total current assets	<u>846,557</u>	<u>487,562</u>
Property and equipment, at cost		
Land	10,000	10,000
Building improvements	493,106	493,106
Equipment	94,507	84,404
Furniture and fixtures	59,601	59,601
	<u>657,214</u>	<u>647,111</u>
Less accumulated depreciation	303,176	278,413
Total property and equipment	<u>354,038</u>	<u>368,698</u>
	<u>\$ 1,200,595</u>	<u>\$ 856,260</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable		\$ 2,580
Accrued payroll	\$ 3,672	6,829
Payroll taxes payable	5,182	2,189
Total current liabilities	<u>8,854</u>	<u>11,598</u>
Deferred revenue	<u>392,693</u>	<u>383,349</u>
Net assets		
Unrestricted - undesignated	108,367	121,400
Unrestricted - designated	17,155	16,782
Temporarily restricted	673,526	323,131
Total net assets	<u>799,048</u>	<u>461,313</u>
	<u>\$ 1,200,595</u>	<u>\$ 856,260</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, 2005 AND 2004  
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2005</u>	<u>2004</u>
Unrestricted revenue		
Member dues	\$ 262,833	\$ 232,510
Contractual income	157,400	137,400
Contributions	1,000	37,900
Membership services	93,165	82,492
Governmental	24,242	
Educational	1,200	
NWA Business Expo	63,783	68,465
Leadership	19,260	16,956
Featherfest	124,474	118,106
Golf tournament	31,967	26,729
Publications	89,400	68,235
Web page sponsorships	20,050	27,870
Other revenue	17,279	18,055
Interest income	<u>2,969</u>	<u>1,309</u>
Total unrestricted revenue	<u>909,022</u>	<u>836,027</u>
Net assets released from restriction		
Contribution recognized	6,410	6,410
Assets released from Springdale Tomorrow fund	<u>45,678</u>	<u>228,870</u>
Total net assets released from restriction	<u>52,088</u>	<u>235,280</u>
Total unrestricted revenue and net assets released from restriction	<u>961,110</u>	<u>1,071,307</u>
Expenses		
Program services	418,326	393,692
Management and general	376,342	363,952
Fund raising	48,245	230,559
Membership	<u>130,857</u>	<u>108,968</u>
Total expenses	<u>973,770</u>	<u>1,097,171</u>
Change in unrestricted net assets	<u>(12,660)</u>	<u>(25,864)</u>
Interest income from temporarily restricted net assets	2,795	984
Temporarily restricted contributions	399,688	313,335
Net assets released from restriction	<u>(52,088)</u>	<u>(235,280)</u>
Change in temporarily restricted net assets	<u>350,395</u>	<u>79,039</u>
	337,735	53,175
Net assets - beginning of year	<u>461,313</u>	<u>408,138</u>
Net assets - end of year	<u>\$ 799,048</u>	<u>\$ 461,313</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, 2005  
 SEE ACCOUNTANTS' REVIEW REPORT

	Program Service	Management and General		Fund Raising	Membership	Total
		Management and General	Fund Raising			
Salaries and wages	\$ 146,179	\$ 215,456	\$ 2,210	\$ 4,456	\$ 368,301	
Payroll taxes and retirement	15,437	27,113	278	560	43,388	
Vehicle and mileage allowance	597	1,304	13,729	(1,211)	14,419	
Insurance	14,382	22,948	217	441	37,988	
Office supplies	8,632	8,976	6,252	173	24,033	
Credit card fees		3,283			3,283	
Computer supplies		992			1,983	
Equipment maintenance		10,539		10,539	21,078	
Dues and subscriptions		10,729			10,729	
Professional fees		15,192	25,161		40,353	
Training	45,482				45,482	
Building repairs and maintenance		9,668			9,668	
Utilities		7,361			7,361	
Telephone	3,286	4,387	219	3,286	11,178	
Postage	2,149	2,722	179	2,149	7,199	
Board of directors		4,009			4,009	
Membership				109,473	109,473	
Governmental	6,212				6,212	
NWA Business Expo	23,236				23,236	
Leadership	10,317				10,317	
Golf tournament	19,265				19,265	
Featherfest	105,851				105,851	
Web page maintenance	17,199				17,199	
Contributions	102	6,900			7,002	
Miscellaneous		24,763			24,763	
Depreciation						
	<u>\$ 418,326</u>	<u>\$ 376,342</u>	<u>\$ 48,245</u>	<u>\$ 130,857</u>	<u>\$ 973,770</u>	

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CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.  
 (A NOT-FOR-PROFIT ORGANIZATION)  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED DECEMBER 31, 2004  
 SEE ACCOUNTANTS' REVIEW REPORT

	Program Service	Management and General	Fund Raising	Membership	Total
Salaries and wages	\$ 143,652	\$ 211,733	\$ 15,762	\$ 4,379	\$ 375,526
Payroll taxes and retirement	15,319	26,905	275	555	43,054
Vehicle and mileage allowance	1,699	3,712	31,026	76	36,513
Insurance	15,048	24,010	227	461	39,746
Office supplies	8,466	8,312	2,422	169	19,369
Credit card fees		1,999			1,999
Computer supplies		1,507		1,508	3,015
Equipment maintenance		12,792		12,793	25,585
Dues and subscriptions		6,292			6,292
Professional fees		8,901	180,000		188,901
Training	28,238				28,238
Building repairs and maintenance		9,294			9,294
Utilities		6,666			6,666
Telephone	3,280	4,605	218	3,280	11,383
Postage	1,958	2,480	629	1,958	7,025
Board of directors		3,681			3,681
Membership	508			83,789	83,789
Governmental	22,715				508
NWA Business Expo	7,040				22,715
Leadership	14,113				7,040
Golf tournament	76,323				14,113
Featherfest	19,488				76,323
Web page maintenance	35,845				19,488
Contributions		5,174			35,845
Miscellaneous		25,889			5,174
Depreciation					25,889
	<u>\$ 393,692</u>	<u>\$ 363,952</u>	<u>\$ 230,559</u>	<u>\$ 108,968</u>	<u>\$ 1,097,171</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, 2005 AND 2004  
SEE ACCOUNTANTS' REVIEW REPORT

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Change in net assets	\$ 337,735	\$ 53,175
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	24,763	25,889
Increase in trade accounts receivable	(49,631)	(24,761)
Decrease (increase) in other current assets	(2,312)	7,583
Increase (decrease) in accounts payable	(2,580)	1,680
Decrease in accrued payroll	(164)	(8,613)
Increase in deferred revenue	9,344	45,865
Net cash provided by operating activities	<u>317,155</u>	<u>100,818</u>
Cash flows from investing activities		
Purchase of equipment	(10,103)	(1,101)
Increase in certificates of deposit	(935)	(1,207)
Net cash used by investing activities	<u>(11,038)</u>	<u>(2,308)</u>
Net increase in cash and cash equivalents	306,117	98,510
Cash and cash equivalents at beginning of year	<u>302,756</u>	<u>204,246</u>
Cash and cash equivalents at end of year	<u>\$ 608,873</u>	<u>\$ 302,756</u>

See notes to financial statements.

CHAMBER OF COMMERCE OF SPRINGDALE, ARKANSAS, INC.  
(A NOT-FOR-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
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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.

Business activities -

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 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.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction. The Chamber follows the policy of recording donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

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, 2005 and 2004.

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.

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, fund raising cost, and membership cost.

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.

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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, 2005 and 2004.

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.

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.

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 \$129,755 and \$95,751 and fees collected of \$262,938 and \$287,598, but unearned at December 31, 2005 and 2004, respectively.

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

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, 2005 and 2004, were \$15,436 and \$17,451, 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, 2005, were \$282,509. 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 2005 and 2004, the Chamber made contributions into the plan of \$13,596 and \$14,111, respectively.

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.

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Note 5) Net assets:

Unrestricted net assets are available for general obligation 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, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Benevolent Fund	\$ 14,009	\$ 14,977
Building Fund	<u>3,146</u>	<u>1,805</u>
Total unrestricted-designated net assets	<u>\$ 17,155</u>	<u>\$ 16,782</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, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Donated Building	\$ 188,035	\$ 194,445
Benevolent Fund	43,883	42,948
Building Fund		1,273
Springdale Tomorrow Fund	<u>441,608</u>	<u>84,465</u>
Total temporarily restricted net assets	<u>\$ 673,526</u>	<u>\$ 323,131</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 2005 and 2004.

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.

Building fund -

The building fund was established to track contributions and other income received for building improvements.

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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 over the next four years and 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.