

# **JEFFERSON COUNTY CHAMBER OF COMMERCE**

## **AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**JEFFERSON COUNTY CHAMBER OF COMMERCE  
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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Jefferson County Chamber of Commerce

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

We have audited the financial statements of Jefferson County Chamber of Commerce (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of June 30, 2022, and the related statement of support, revenue, and expenses—modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Jefferson County Chamber of Commerce as of June 30, 2022, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting described in Note A.

##### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Jefferson County 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.

##### ***Emphasis of Matter — Basis of Accounting***

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.



### ***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 GAAS 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 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 GAAS, 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 Jefferson County 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 Jefferson County 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022, on our consideration of Jefferson County Chamber of Commerce's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson County Chamber of Commerce's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County Chamber of Commerce's internal control over financial reporting and compliance.

*Craine, Thompson & Jones, P.C.*

Craine, Thompson & Jones, P. C.

Morristown, Tennessee  
November 8, 2022



**JEFFERSON COUNTY CHAMBER OF COMMERCE**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS**  
**June 30, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 103,783
Other receivable	<u>850</u>

<b>TOTAL CURRENT ASSETS</b>	<u>104,633</u>
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**PROPERTY AND EQUIPMENT**

Land	15,123
Construction in progress	15,077
Building	100,279
Furniture and equipment	<u>30,434</u>

Total property and equipment	160,913
Less: accumulated depreciation	<u>(104,808)</u>

<b>NET PROPERTY AND EQUIPMENT</b>	<u>56,105</u>
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<b>TOTAL ASSETS</b>	<u>\$ 160,738</u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued payroll liabilities	\$ <u>1,320</u>
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<b>TOTAL CURRENT LIABILITIES</b>	<u>1,320</u>
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**NET ASSETS**

Without donor restrictions	159,418
With donor restrictions	<u>-</u>

<b>TOTAL NET ASSETS</b>	<u>159,418</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 160,738</u>
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**JEFFERSON COUNTY CHAMBER OF COMMERCE**  
**STATEMENT OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS**  
**Period ended June 30, 2022**

	<b>Without Donor Restriction</b>
<b>SUPPORT AND REVENUES</b>	
Membership dues	\$ 99,000
Occupancy tax	65,000
Annual meeting	24,700
Golf tournament	19,615
Program fees	13,445
Events:	
Farm to Table	6,530
Business Showcase	1,100
Tourism and Economic Development	10,000
Miscellaneous	711
Interest	89
<b>TOTAL SUPPORT AND REVENUES</b>	<b>240,190</b>
<b>EXPENSES</b>	
Annual meeting	12,859
Golf tournament	8,054
Farm to Table	2,975
Leadership programs	12,202
Contributions	156
Economic Development	8,754
Salaries	167,885
Insurance	4,137
Advertising	2,864
Office supplies	2,660
Travel and public relations	4,233
Utilities	6,084
Payroll taxes	13,083
Employee benefits	21,349
Retirement expense	2,584
Repairs and maintenance	17,087
Marketing supplies	1,548
Property tax	2,892
Postage	3,373
Dues and subscriptions	4,093
Equipment lease	3,767
Storage	1,270
Website fees	6,902
Go Local	920



JEFFERSON COUNTY CHAMBER OF COMMERCE  
 STATEMENT OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS (Continued)  
 Period ended June 30, 2022

	Without Donor Restriction
Professional fees	5,771
Credit and service fees	808
Miscellaneous	458
Depreciation	4,344
<b>TOTAL EXPENSES</b>	<b>323,112</b>
<b>INCREASE IN NET ASSETS</b>	<b>(82,922)</b>
<b>NET ASSETS, Beginning</b>	<b>242,340</b>
<b>NET ASSETS, Ending</b>	<b>\$ 159,418</b>



JEFFERSON COUNTY CHAMBER OF COMMERCE  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2022

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Jefferson County Chamber of Commerce (Chamber) is a Tennessee non-profit corporation organized in 1982 to institute and conduct programs and policies for the development and enhancement of all commercial, industrial, and other businesses as well as tourism within Jefferson County, Tennessee. The tourism program was moved to Jefferson County effective July 1, 2020.

Significant accounting policies used in the preparation of the accompanying financial statements include the following.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. That basis differs from generally accepted accounting principles primarily because the Chamber has not recognized dues receivable from members, accounts payable to vendors, and their related effects on the change in net assets. Revenues and support are reported when received rather than when earned and expenses are reported when paid rather than when the obligation is incurred. Modifications to the modified cash basis of accounting include recording depreciation on property and equipment and accruing for payroll taxes.

Basis of Presentation

The financial statements of the Chamber have been prepared in accordance with U.S. generally accepted accounting principles, which require the Chamber to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purposes in performing the primary objectives of the organization. These net assets may be used at the discretion of the Chamber's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Chamber or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities



**JEFFERSON COUNTY CHAMBER OF COMMERCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

The Chamber considers all cash accounts and short-term investments with maturities, when purchased, of three months or less, to be cash equivalents. Certificates of deposit totaling \$31,711 are included in cash in the accompanying financial statements. The certificates bear interest ranging from .01% to .30% and have maturities ranging from six to twelve months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. As of June 30, 2022, cash consisted of cash in bank – checking account, money market account, and certificates of deposit.

Estimates

Management uses and estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

Advertising

The Chamber's policy is to charge the advertising costs to expense as incurred. The Chamber incurred \$2,864 in advertising expense for the year ended June 30, 2022.

Income Tax Status

The Chamber is a not-for-profit organization exempt from federal income tax under Section 501 (c) (6) of the Internal Revenue Code and classified as other than a private foundation. Therefore, the Chamber has made no provision for income taxes in the accompanying financial statements.



**JEFFERSON COUNTY CHAMBER OF COMMERCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE B – AVAILABILITY AND LIQUIDITY**

The following represents the Chamber's financial assets as of June 30, 2022:

Financial assets at year end:

Cash and cash equivalents:	\$ 103,783
Receivables	850
Total financial assets	<u>104,633</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	-
Net assets with purpose restrictions to be met in less than a year	<u>-</u>
	-

Financial assets available to meet general expenditures over the next twelve months

\$ 104,633

The Chamber's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$79,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

**NOTE C – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 8, 2022, the date the financial statements were available to be issued.



# CRANE, THOMPSON & JONES, P.C.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Jefferson County Chamber of Commerce

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson County Chamber of Commerce (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of June 30, 2022, and the related statement of support, revenue, and expenses—modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jefferson County Chamber of Commerce's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County Chamber of Commerce's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County Chamber of Commerce's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jefferson County Chamber of Commerce's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Craine, Thompson & Jones, P.C.*

Craine, Thompson & Jones, P. C.

Morristown, Tennessee

November 8, 2022