

***Greater Lehigh Valley
Chamber of Commerce
and Controlled Entity***

June 30, 2016 and 2015

***Consolidated Financial Statements
and Independent Auditors' Report***



GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

To the Boards of Governors of
Greater Lehigh Valley Chamber of Commerce
and Controlled Entity

We have audited the accompanying consolidated financial statements of the Greater Lehigh Valley Chamber of Commerce and Controlled Entity which comprise the consolidated statements of financial position of as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lehigh Valley Chamber of Commerce and Controlled Entity as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Concannon, Miller + Co., P.C.

Bethlehem, PA
January 18, 2017

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,	
<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 295,543	\$ 188,067
Investments, at fair value	1,609,941	1,595,161
Accounts receivable, net of allowance of \$25,000	364,993	429,189
Sponsorship receivable	0	2,501
Grants receivable	16,529	30,856
Contributions receivable, current portion	19,960	20,250
Prepaid expenses	44,056	58,896
Total Current Assets	<u>2,351,022</u>	<u>2,324,920</u>
PROPERTY AND EQUIPMENT, NET	<u>64,651</u>	<u>95,954</u>
OTHER ASSETS		
Restricted cash	332,136	306,999
Contributions receivable, net of current portion	2,612	17,420
Total Other Assets	<u>334,748</u>	<u>324,419</u>
Total Assets	<u><u>\$ 2,750,421</u></u>	<u><u>\$ 2,745,293</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 114,503	\$ 68,225
Grants payable	23,715	13,249
Dues paid in advance	29,733	25,133
Accrued payroll expenses and other liabilities	70,613	54,139
Special projects in progress	332,135	306,999
Deferred revenues, members' dues	640,196	665,917
Deferred grant revenue	117,648	100,276
Total Current Liabilities	<u>1,328,543</u>	<u>1,233,938</u>
LONG-TERM LIABILITIES		
Deferred rent expense	<u>5,360</u>	<u>10,505</u>
Total Liabilities	<u>1,333,903</u>	<u>1,244,443</u>
NET ASSETS		
Unrestricted		
Operations	1,329,447	1,366,254
Fixed assets	64,651	95,954
Total Unrestricted Net Assets	<u>1,394,098</u>	<u>1,462,208</u>
Temporarily restricted	<u>22,420</u>	<u>38,642</u>
Total Net Assets	<u>1,416,518</u>	<u>1,500,850</u>
Total Liabilities and Net Assets	<u><u>\$ 2,750,421</u></u>	<u><u>\$ 2,745,293</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Years Ended June 30,	
	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
Revenue and Support		
Membership dues	\$ 1,114,962	\$ 1,193,830
Council programs and special projects	2,329,922	2,115,244
Program support	526,502	484,508
Sale of publications	6,225	6,716
Grant income	35,791	34,064
In-kind contributions	374,050	324,502
Dividend and interest income, net	15,955	15,589
Unrealized loss on investments	(37,153)	(13,571)
Realized gain on investments	36,618	37,215
Other income	5,447	3,788
	<u>4,408,319</u>	<u>4,201,885</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>21,222</u>	<u>67,538</u>
Total Revenue and Support	<u>4,429,541</u>	<u>4,269,423</u>
Expenses		
Program services	3,423,100	3,254,617
General and administrative	1,074,551	955,455
Total Expenses	<u>4,497,651</u>	<u>4,210,072</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(68,110)</u>	<u>59,351</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	5,000	0
Net assets released from restrictions	<u>(21,222)</u>	<u>(67,538)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(16,222)</u>	<u>(67,538)</u>
CHANGE IN NET ASSETS	<u>(84,332)</u>	<u>(8,187)</u>
NET ASSETS, JULY 1	<u>1,500,850</u>	<u>1,509,037</u>
NET ASSETS, JUNE 30	<u><u>\$ 1,416,518</u></u>	<u><u>\$ 1,500,850</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (84,332)	\$ (8,187)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	37,191	35,510
Unrealized loss on investments	37,153	13,571
Realized gain on investments	(36,618)	(37,215)
Bad debt expense	39,616	3,149
Changes in assets and liabilities		
Accounts receivable	24,580	(37,861)
Sponsorship receivable	2,501	14,528
Grants receivable	14,327	36,564
Contributions receivable	15,098	19,538
Prepaid expenses	14,840	(3,179)
Accounts payable	46,278	(1,058)
Grants payable	10,466	749
Dues paid in advance	4,600	(14,540)
Accrued payroll expenses and other liabilities	16,474	11,931
Special projects in progress	25,136	38,485
Deferred revenues, members' dues	(25,721)	(31,074)
Deferred grant revenue	17,372	58,072
Deferred rent expense	(5,145)	(3,640)
Net Cash Provided by Operating Activities	<u>153,816</u>	<u>95,343</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(268,751)	(240,296)
Proceeds from sale of investments	253,436	225,418
Purchases of property and equipment	(5,888)	(31,494)
Net Cash Used in Investing Activities	<u>(21,203)</u>	<u>(46,372)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	132,613	48,971
CASH AND CASH EQUIVALENTS, JULY 1	<u>495,066</u>	<u>446,095</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 627,679</u></u>	<u><u>\$ 495,066</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

NON CASH OPERATING ACTIVITIES

In-kind contribution of services	<u>\$ 374,050</u>	<u>\$ 324,502</u>
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CASH AND CASH EQUIVALENTS, JUNE 30

Unrestricted balance	\$ 295,543	\$ 188,067
Restricted to special projects in progress	<u>332,136</u>	<u>306,999</u>
	<u><u>\$ 627,679</u></u>	<u><u>\$ 495,066</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

NOTE 1 Nature of Operations and Purpose of the Organization

The Greater Lehigh Valley Chamber of Commerce (the “Chamber”) provides informational and educational materials and programs to its members and the general business community. The Chamber unifies the business community to leverage regional resources and promotes the economic expansion of the Greater Lehigh Valley, Pennsylvania.

The Greater Lehigh Valley Chamber of Commerce Foundation (the “Foundation”) is a not-for-profit organization established in 1984. The Foundation's mission is to carry on a public charity within the Greater Lehigh Valley of Pennsylvania in order to support community and economic development initiatives and to further the cultural, educational, religious, and historical heritage of the Greater Lehigh Valley, including but not limited to, the promotion and operation of visitor activities and related functions.

NOTE 2 Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Chamber and the Foundation, collectively known as the “Organization”. The Foundation is consolidated with the Chamber since the Chamber has an economic interest in the Foundation. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Basis of Presentation

Under ASC 958, the Organization is required to report information about its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Permanently Restricted –Net assets held in perpetuity, the income of which is to be used for unrestricted purposes. The Organization has no permanently restricted net assets

Cash and Cash Equivalents

Cash and cash equivalents include cash and money market funds held in the Organization's bank or brokerage accounts.

The Organization has classified as restricted certain cash that is not available for use in its operations. All cash received and designated for a specific program or purpose has been designated as restricted. At June 30, 2016 and 2015, cash of \$332,136 and \$306,999, respectively, has been restricted for such purposes.

Valuation of Investments in Securities at Fair Value

The Organization complies with the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value 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 most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

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

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

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 2 Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable consists primarily of amounts owed for membership dues and special events for future periods. These receivables are non-interest bearing and are not collateralized. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. Management considers the Organization's historical losses and the financial stability of its customers when determining the collectability of specific customer accounts.

Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable efforts are written off through a charge to the valuation and a credit to accounts receivable. The balance of the allowance for uncollectible accounts receivable at both June 30, 2016 and 2015 was \$25,000.

Property and Equipment

Purchased property and equipment are recorded at cost. Maintenance and repairs which neither materially add to the value of property nor appreciably prolong its life are charged to expense. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Related gains or losses from such transactions are credited or charged to income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years.

Special Projects in Progress

Various councils within the Organization conduct special events and projects for the Organization. Sponsorship and ticket revenue and refundable prepaid expenses for these events are recorded as deferred revenue until the event occurs.

Membership Dues

The Chamber generally bills its members one month in advance of the anniversary date of membership. Any collections received in advance of the anniversary date are accounted for as dues paid in advance. Upon the anniversary date of membership, the Chamber records the receivable from continuing members and accounts for the corresponding members' dues as deferred revenue. Deferred revenue is amortized to income ratably over the terms of membership.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 2 Summary of Significant Accounting Policies (Continued)

Sponsorships, Contributions and Program Receivables

Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received, ranging from .45% to .71%. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization uses the allowance method to determine uncollectible sponsorship, contribution and service fees receivable. The allowance is based on prior year's experience and management's analysis of specific promises made. In the opinion of management, all of the sponsorship and contribution receivables are considered to be realizable at the amounts stated in the accompanying statements of financial position and no allowance for uncollectible accounts was considered necessary.

Contributed and In-Kind Services

Contributed services are recorded as support if those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of these contributed professional services, which are reported in the consolidated statement of activities as contributions at their fair value, and their corresponding expenses, are summarized as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Program services	\$ 336,645	\$ 292,052
General and administrative	<u>37,405</u>	<u>32,450</u>
	<u>\$ 374,050</u>	<u>\$ 324,502</u>

In addition to the above services, a significant number of volunteers have donated their time to the Organization. No amounts have been included in the consolidated financial statements for these services because they do not meet the criteria for recognition under generally accepted accounting principles.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 2 Summary of Significant Accounting Policies (Continued)

Advertising and Promotions

The Organization reports advertising expenses, net of certain related revenues. The Organization expenses advertising costs as they are incurred. Total advertising costs for the years ended June 30, 2016 and 2015 were \$596,565 and \$553,301 respectively. Related advertising revenue for the years ended June 30, 2016 and 2015 was \$581,798 and \$533,909, respectively. Included in each of these amounts were \$365,769 and \$318,199 of in-kind services provided during the years ended June 30, 2016 and 2015, respectively.

Functional Expenses

Functional expenses are charged to program services and administration based on direct expenditures incurred. Any expenditure not directly chargeable is allocated to the functional expense categories benefited.

Income Taxes

No provision for income taxes has been made in the consolidated financial statements since the Chamber is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and the Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. However, income from activities not directly related to the Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income.

The Organization complies with guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities.

As of June 30, 2016 and 2015, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's tax years 2012 and forward remain open for examination by federal and state taxing authorities.

Use of Estimates

The preparation of consolidated financial statements, in accordance with generally accepted accounting principles, requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 3 Concentration of Credit Risk

The Organization maintains cash balances at several financial institutions. The amounts held at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. The risk is managed by maintaining deposits at high quality financial institutions. At June 30, 2016, the Organization's cash balances in excess of federally insured limits were approximately \$156,700.

NOTE 4 Investments

The Organization's investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB ASC 820 (see Note 2). Investments held are summarized as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Level 1:		
Cash and equivalents	\$ 131,709	\$ 123,996
Common stock and mutual funds	1,021,678	1,048,812
Treasury notes	190,584	167,857
Level 2:		
Corporate bonds	169,254	148,724
Agency bonds	<u>96,716</u>	<u>105,772</u>
Total Investments	<u>\$1,609,941</u>	<u>\$1,595,161</u>

Total investment return and its classification in the statements of activities are summarized as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Dividend and interest income, net of fees	\$ 15,315	\$ 14,877
Unrealized loss on investments	(37,153)	(13,571)
Realized gains on investments	<u>36,618</u>	<u>37,215</u>
Total Return on Investments	<u>\$ 14,780</u>	<u>\$ 38,521</u>

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 5 Accounts Receivable

Accounts receivable represent amounts due for membership dues, as well as amounts from customers related to events. The balances consist of the following:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Membership dues	\$ 109,384	\$ 142,099
Events	280,609	312,090
Less allowance for doubtful accounts	<u>25,000</u>	<u>25,000</u>
	<u>\$ 364,993</u>	<u>\$ 429,189</u>

NOTE 6 Sponsorship Receivable

During the year ended June 30, 2007 the Organization established a sponsorship receivable of \$100,000, from one donor, with the expectation that the entire sponsorship would be received over the course of 10 years. In accordance with the related agreement, the Organization has received cash on an annual basis leaving a balance of \$2,501 as a receivable as of June 30, 2015. The remaining balance was paid in full during the year ended June 30, 2016.

NOTE 7 Contributions Receivable

Contributions receivable consist of pledges intended to support the Organization's efforts to improve every main street in the Lehigh Valley. Amounts are expected to be collected as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Contributions	\$ 22,700	\$ 37,950
Less unamortized discount	<u>128</u>	<u>280</u>
Net Contributions	<u>\$ 22,572</u>	<u>\$ 37,670</u>
Less than one year	\$ 19,960	\$ 20,250
One to five years	<u>2,612</u>	<u>17,420</u>
	<u>\$ 22,572</u>	<u>\$ 37,670</u>

NOTE 8 Property and Equipment

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 87,000	\$ 87,000
Office furniture and equipment	<u>303,577</u>	<u>327,224</u>
	390,577	414,224
Less accumulated depreciation	<u>325,926</u>	<u>318,270</u>
Property and Equipment, Net	<u>\$ 64,651</u>	<u>\$ 95,954</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$37,191 and \$35,510, respectively.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 9 Line of Credit

The Organization has a \$100,000 unsecured line of credit available with a bank for operational purposes. The line of credit expires May 25, 2017. Interest on outstanding borrowings is payable at the bank's prime rate plus 1%, with a minimum floor of 4.25% (4.25% at June 30, 2016). There were no borrowings at June 30, 2016 and 2015.

NOTE 10 Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes or periods.

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Time restriction on sponsorship receivable	\$ 0	\$ 972
Time restriction on contributions receivable	<u>22,420</u>	<u>37,670</u>
	<u>\$ 22,420</u>	<u>\$ 38,642</u>

NOTE 11 Commitments

The Chamber leases its Allentown office space under an operating lease originally expiring April 2017. In July 2016, the Chamber amended the lease prior to the existing April 2017 termination date to renew the lease of the same office space for 6 years expiring June 2022. The amended lease has the option to extend the lease for three consecutive periods of five years and one three year, eleven month period. The Chamber has recorded rental expense for the lease on a straight-line basis over the initial term of the lease, resulting in the Chamber recording rent payable of \$5,360 and \$10,505 as of June 30, 2016 and 2015, respectively, which is reported as deferred rent expense in the consolidated financial statements. Due to the straight-line method used to account for this lease, total rent expense related to this lease was \$46,553 for each of the years ended June 30, 2016 and 2015.

The Chamber leases its Bethlehem office space under an operating lease expiring April 2018. Rent expense related to this lease was \$49,523 and \$48,103 for the years ended June 30, 2016 and 2015, respectively.

During the year ended June 30, 2016 the Chamber leased certain office space for its Phillipsburg office under an operating lease which terminated June 30, 2016. Beginning July 1, 2016, the Chamber has executed a new lease for the Phillipsburg office at a different location under terms which expire June 30, 2017 with options to renew. Rent expense for the lease in place during the years ended June 30, 2016 and 2015 was \$9,000 and \$8,700, respectively.

The Chamber leases its Easton office space under an operating lease expiring August 2016. Subsequent to June 30, 2016, the Chamber has began negotiations to renew this lease through fiscal 2017 but no agreement has been reached. The lease continues under the terms of the existing agreement on a month to month basis. Rent expense related to this lease was \$12,960 for each of the years ended June 30, 2016 and 2015.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 11 Commitments (Continued)

In April 2012, the Chamber entered into an operating lease for its Nazareth office space which expired March 2014. The Chamber and the lessor have verbally agreed to extend the contract through March 2017. Rent expense related to this lease was \$8,669 and \$8,466 for the years ended June 30, 2016 and 2015, respectively.

The Organization leases various equipment under non-cancellable operating leases with existing termination dates between July 2017 and July 2021. Rent expense under these leases was \$21,639 and \$21,991 for the years ended June 30, 2016 and 2015, respectively.

The future minimum lease payments under these noncancellable arrangements as of June 30, 2016 are as follows:

2016	\$ 132,182
2017	110,260
2018	52,958
2019	51,717
2020	51,003
Thereafter	46,521
	<u>\$ 444,641</u>

NOTE 12 Collaborative Arrangements

The Organization has entered into an agreement with the Emmaus Main Street Program ("Program") through which the Organization provides staff to support the ongoing events and activities of the Program as well as provide for all payroll and insurance costs of a Program employee. In exchange, the Organization is to receive \$5,000 per month. The contract has been verbally renewed through December 2016. Amounts receivable under this contract as of June 30, 2016 and 2015 was \$20,680 and \$82,500, respectively. Total revenue under this agreement was \$60,000 for each of the years ended June 30, 2016 and 2015.

The Organization has also entered into an agreement with the Carbon Chamber and Economic Development Corporation ("CCEDC") through which the Organization would provide staff to support the ongoing events and activities of the CCEDC. In return, the Organization receives payments to support the payroll and benefit cost of those employees. Total revenue under this agreement, and subsequent amendments, totaled \$147,000 and \$143,000 for the years ended June 30, 2016 and 2015, respectively. The agreement was extended in March 2016 to extend the contractual terms and expire December 31, 2017.

NOTE 13 Retirement Plan

The Chamber has a SIMPLE retirement plan covering all eligible employees. Contributions are determined on a discretionary basis ranging up to 3% of each eligible employee's salary. Employer contributions to the plan were \$34,496 and \$33,074 in 2016 and 2015, respectively.

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016 and 2015

NOTE 14 Related Party Transactions

The Organization receives sponsorships and regularly purchases products and services from companies affiliated with various board members. Sponsorships, dues and other support received from related parties during the years ended June 30, 2016 and 2015 totaled \$464,256 and \$500,068, respectively, with related party receivables of \$24,529 and \$18,671 remaining at June 30, 2016 and 2015, respectively. Products and services purchased were \$86,920 and \$50,321 for the years ended June 30, 2016 and 2015, respectively, and related party payables of \$6,117 and \$1,000 remain at June 30, 2016 and 2015, respectively.

NOTE 15 Subsequent Events

Subsequent to June 30, 2016, the Organization partnered with the Whitehall Area Chamber of Commerce (“WACC”) providing management and administrative services in exchange for an upfront fee and all future membership income during the effective period of the contract. The contract is effective from September 2016 through September 2018, with annual renewals available upon mutual agreement.

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through January 18, 2017, the date the consolidated financial statements were available to be issued. Except for the matter disclosed in the above paragraph, no events or transactions have occurred that would require recognition or disclosure in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

Boards of Governors
Greater Lehigh Valley Chamber of Commerce
and Controlled Entity

We have audited the consolidated financial statements of the Greater Lehigh Valley Chamber of Commerce and Controlled Entity as of and for the years ended June 30, 2016 and 2015, and have issued our report thereon dated January 18, 2017, which contained an unqualified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Statements of Financial Position, Consolidating Statements of Activities and Consolidating Schedules of Functional Expenses are presented for the purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance 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 consolidated financial statements as a whole.

Concannon, Miller + Co., P.C.

Bethlehem, PA
January 18, 2017

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
See Independent Auditors' Report on Supplementary Information

	Greater Lehigh Valley Chamber of Commerce	Greater Lehigh Valley Chamber of Commerce Foundation	Eliminations	Consolidated
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 85,317	\$ 210,226	\$ 0	\$ 295,543
Investments, at fair value	1,609,941			1,609,941
Accounts receivable, net	344,003	20,990		364,993
Grants receivable	16,529			16,529
Contributions receivable, current portion		19,960		19,960
Due from related party	11,747		(11,747)	0
Prepaid expenses	44,056			44,056
Total Current Assets	<u>2,111,593</u>	<u>251,176</u>	<u>(11,747)</u>	<u>2,351,022</u>
PROPERTY AND EQUIPMENT, NET	<u>64,651</u>			<u>64,651</u>
OTHER ASSETS				
Restricted cash	252,900	79,236		332,136
Contributions receivable, net of current portion		2,612		2,612
Total Other Assets	<u>252,900</u>	<u>81,848</u>		<u>334,748</u>
Total Assets	<u>\$ 2,429,144</u>	<u>\$ 333,024</u>	<u>\$ (11,747)</u>	<u>\$ 2,750,421</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 109,402	\$ 5,101	\$ 0	\$ 114,503
Grants payable		23,715		23,715
Dues paid in advance	29,733			29,733
Accrued payroll expenses and other liabilities	70,613			70,613
Due to related party		11,747	(11,747)	0
Special projects in progress	252,900	79,235		332,135
Deferred revenues, members' dues	640,196			640,196
Deferred grant revenue	87,648	30,000		117,648
Total Current Liabilities	<u>1,190,492</u>	<u>149,798</u>	<u>(11,747)</u>	<u>1,328,543</u>
LONG-TERM LIABILITIES				
Deferred rent expense	5,360			5,360
Total Liabilities	<u>1,195,852</u>	<u>149,798</u>	<u>(11,747)</u>	<u>1,333,903</u>
NET ASSETS				
Unrestricted				
Operations	1,168,641	160,806		1,329,447
Fixed assets	64,651			64,651
Total Unrestricted Net Assets	<u>1,233,292</u>	<u>160,806</u>		<u>1,394,098</u>
Temporarily restricted	0	22,420		22,420
Total Net Assets	<u>1,233,292</u>	<u>183,226</u>		<u>1,416,518</u>
Total Liabilities and Net Assets	<u>\$ 2,429,144</u>	<u>\$ 333,024</u>	<u>\$ (11,747)</u>	<u>\$ 2,750,421</u>

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
See Independent Auditors' Report on Supplementary Information

	Greater Lehigh Valley Chamber of Commerce	Greater Lehigh Valley Chamber of Commerce Foundation	Eliminations	Consolidated
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 23,250	\$ 164,817	\$ 0	\$ 188,067
Investments, at fair value	1,595,161			1,595,161
Accounts receivable, net	404,789	24,400		429,189
Sponsorship receivable, current portion	2,501			2,501
Grants receivable	30,856			30,856
Contributions receivable, current portion		20,250		20,250
Due from related party	5,186		(5,186)	0
Prepaid expenses	58,896			58,896
Total Current Assets	<u>2,120,639</u>	<u>209,467</u>	<u>(5,186)</u>	<u>2,324,920</u>
PROPERTY AND EQUIPMENT, NET	<u>95,954</u>			<u>95,954</u>
OTHER ASSETS				
Restricted cash	260,887	46,112		306,999
Contributions receivable, net of current portion		17,420		17,420
Total Other Assets	<u>260,887</u>	<u>63,532</u>		<u>324,419</u>
Total Assets	<u>\$ 2,477,480</u>	<u>\$ 272,999</u>	<u>\$ (5,186)</u>	<u>\$ 2,745,293</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 50,370	\$ 17,855	\$ 0	\$ 68,225
Grants payable		13,249		13,249
Dues paid in advance	25,133			25,133
Accrued payroll expenses and other liabilities	54,139			54,139
Due to related party		5,186	(5,186)	0
Special projects in progress	260,887	46,112		306,999
Deferred revenues, members' dues	665,917			665,917
Deferred grant revenue	100,276			100,276
Total Current Liabilities	<u>1,156,722</u>	<u>82,402</u>	<u>(5,186)</u>	<u>1,233,938</u>
LONG-TERM LIABILITIES				
Deferred rent expense	10,505			10,505
Total Liabilities	<u>1,167,227</u>	<u>82,402</u>	<u>(5,186)</u>	<u>1,244,443</u>
NET ASSETS				
Unrestricted				
Operations	1,213,327	152,927		1,366,254
Fixed assets	95,954			95,954
Total Unrestricted Net Assets	<u>1,309,281</u>	<u>152,927</u>		<u>1,462,208</u>
Temporarily restricted	972	37,670		38,642
Total Net Assets	<u>1,310,253</u>	<u>190,597</u>		<u>1,500,850</u>
Total Liabilities and Net Assets	<u>\$ 2,477,480</u>	<u>\$ 272,999</u>	<u>\$ (5,186)</u>	<u>\$ 2,745,293</u>

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
See Independent Auditors' Report on Supplementary Information

	Greater Lehigh Valley Chamber of Commerce	Greater Lehigh Valley Chamber of Commerce Foundation	Eliminations	Consolidated
UNRESTRICTED NET ASSETS				
Revenue and Support				
Membership dues	\$ 1,114,962	\$ 0	\$ 0	\$ 1,114,962
Council programs and special projects	1,982,366	347,556		2,329,922
Program support	526,502			526,502
Sale of publications	6,225			6,225
Grant income	35,791			35,791
In-kind contributions	370,037	4,013		374,050
Dividend and interest income, net	15,367	588		15,955
Unrealized loss on investments	(37,153)			(37,153)
Realized gain on investments	36,618			36,618
Management fees	5,863		(5,863)	0
Other income	5,447			5,447
	<u>4,062,025</u>	<u>352,157</u>	<u>(5,863)</u>	<u>4,408,319</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>972</u>	<u>20,250</u>		<u>21,222</u>
Total Revenue and Support	<u>4,062,997</u>	<u>372,407</u>	<u>(5,863)</u>	<u>4,429,541</u>
Expenses				
Program services	3,082,863	340,237		3,423,100
General and administrative	1,056,123	24,291	(5,863)	1,074,551
Total Expenses	<u>4,138,986</u>	<u>364,528</u>	<u>(5,863)</u>	<u>4,497,651</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>(75,989)</u>	<u>7,879</u>	<u>0</u>	<u>(68,110)</u>
TEMPORARILY RESTRICTED NET ASSETS				
Contributions		5,000		5,000
Net assets released from restrictions	<u>(972)</u>	<u>(20,250)</u>		<u>(21,222)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(972)</u>	<u>(15,250)</u>	<u>0</u>	<u>(16,222)</u>
CHANGE IN NET ASSETS	<u>(76,961)</u>	<u>(7,371)</u>		<u>(84,332)</u>
NET ASSETS, JULY 1, 2015	<u>1,310,253</u>	<u>190,597</u>		<u>1,500,850</u>
NET ASSETS, JUNE 30, 2016	<u><u>\$ 1,233,292</u></u>	<u><u>\$ 183,226</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,416,518</u></u>

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE
AND CONTROLLED ENTITY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
See Independent Auditors' Report on Supplementary Information

	Greater Lehigh Valley Chamber of Commerce	Greater Lehigh Valley Chamber of Commerce Foundation	Eliminations	Consolidated
UNRESTRICTED NET ASSETS				
Revenue and Support				
Membership dues	\$ 1,193,830	\$ 0	\$ 0	\$ 1,193,830
Council programs and special projects	1,800,617	314,627		2,115,244
Program support	484,508			484,508
Sale of publications	6,716			6,716
Grant income	34,064			34,064
In-kind contributions	321,285	3,217		324,502
Dividend and interest income, net	15,020	569		15,589
Unrealized gain on investments	(13,571)			(13,571)
Realized gain on investments	37,215			37,215
Management fees	4,190		(4,190)	0
Other income	3,788			3,788
	<u>3,887,662</u>	<u>318,413</u>	<u>(4,190)</u>	<u>4,201,885</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>13,000</u>	<u>54,538</u>		<u>67,538</u>
Total Revenue and Support	<u>3,900,662</u>	<u>372,951</u>	<u>(4,190)</u>	<u>4,269,423</u>
Expenses				
Program services	2,945,635	308,982		3,254,617
General and administrative	935,534	24,111	(4,190)	955,455
Total Expenses	<u>3,881,169</u>	<u>333,093</u>	<u>(4,190)</u>	<u>4,210,072</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>19,493</u>	<u>39,858</u>	<u>0</u>	<u>59,351</u>
TEMPORARILY RESTRICTED NET ASSETS				
Net assets released from restrictions	<u>(13,000)</u>	<u>(54,538)</u>		<u>(67,538)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(13,000)</u>	<u>(54,538)</u>	<u>0</u>	<u>(67,538)</u>
CHANGE IN NET ASSETS	<u>6,493</u>	<u>(14,680)</u>		<u>(8,187)</u>
NET ASSETS, JULY 1, 2014	<u>1,303,760</u>	<u>205,277</u>		<u>1,509,037</u>
NET ASSETS, JUNE 30, 2015	<u>\$ 1,310,253</u>	<u>\$ 190,597</u>	<u>\$ 0</u>	<u>\$ 1,500,850</u>

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE AND CONTROLLED ENTITY
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016
See Independent Auditors' Report on Supplementary Information

	Greater Lehigh Valley Chamber of Commerce			Greater Lehigh Valley Chamber of Commerce Foundation				Consolidated		
	Program Expenses	G&A Expenses	Total Expense	Program Expenses	G&A Expenses	Total Expense	Eliminations	Program Expenses	G&A Expenses	Consolidated
Salaries	\$ 1,132,427	\$ 579,243	\$ 1,711,670	\$ 95,951	\$ 15,563	\$ 111,514	\$ 0	\$ 1,228,378	\$ 594,806	\$ 1,823,184
Council programs and special projects	1,013,990	45,880	1,059,870	194,963		194,963		1,208,953	45,880	1,254,833
Employee benefits and payroll taxes	209,611	107,217	316,828					209,611	107,217	316,828
Occupancy costs	127,292	65,477	192,769					127,292	65,477	192,769
Membership	38,770		38,770					38,770	0	38,770
Other	49,140	40,119	89,259					49,140	40,119	89,259
Office	55,951	47,716	103,667		1,300	1,300		55,951	49,016	104,967
Marketing and publications	347,096	38,566	385,662	4,784	402	5,186		351,880	38,968	390,848
Professional fees	3,000	38,281	41,281		1,163	1,163		3,000	39,444	42,444
Travel and meetings	67,103	34,324	101,427					67,103	34,324	101,427
Grants				44,539		44,539		44,539	0	44,539
Telephone	13,878	7,098	20,976					13,878	7,098	20,976
Management fees					5,863	5,863	(5,863)	0	0	0
Depreciation	24,605	12,586	37,191					24,605	12,586	37,191
Bad debt		39,616	39,616					0	39,616	39,616
	<u>\$ 3,082,863</u>	<u>\$ 1,056,123</u>	<u>\$ 4,138,986</u>	<u>\$ 340,237</u>	<u>\$ 24,291</u>	<u>\$ 364,528</u>	<u>\$ (5,863)</u>	<u>\$ 3,423,100</u>	<u>\$ 1,074,551</u>	<u>\$ 4,497,651</u>

GREATER LEHIGH VALLEY CHAMBER OF COMMERCE AND CONTROLLED ENTITY
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
See Independent Auditors' Report on Supplementary Information

	Greater Lehigh Valley Chamber of Commerce			Greater Lehigh Valley Chamber of Commerce Foundation				Consolidated		
	Program Expenses	G&A Expenses	Total Expense	Program Expenses	G&A Expenses	Total Expense	Eliminations	Program Expenses	G&A Expenses	Consolidated
Salaries	\$ 1,047,756	\$ 531,294	\$ 1,579,050	\$ 109,745	\$ 18,190	\$ 127,935	\$ 0	\$ 1,157,501	\$ 549,484	\$ 1,706,985
Council programs and special projects	926,017		926,017	163,433		163,433		1,089,450	0	1,089,450
Employee benefits and payroll taxes	196,542	99,662	296,204					196,542	99,662	296,204
Occupancy costs	128,640	65,652	194,292					128,640	65,652	194,292
Membership	52,556		52,556					52,556	0	52,556
Other	47,256	67,913	115,169					47,256	67,913	115,169
Office	55,777	43,317	99,094		344	344		55,777	43,661	99,438
Marketing and publications	299,476	33,275	332,751	4,521	320	4,841		303,997	33,595	337,592
Professional fees	74,900	32,087	106,987		1,067	1,067		74,900	33,154	108,054
Travel and meetings	73,169	37,103	110,272					73,169	37,103	110,272
Grants				31,283		31,283		31,283	0	31,283
Telephone	19,984	10,134	30,118					19,984	10,134	30,118
Management fees					4,190	4,190	(4,190)	0	0	0
Depreciation	23,562	11,948	35,510					23,562	11,948	35,510
Bad debt		3,149	3,149					0	3,149	3,149
	<u>\$ 2,945,635</u>	<u>\$ 935,534</u>	<u>\$ 3,881,169</u>	<u>\$ 308,982</u>	<u>\$ 24,111</u>	<u>\$ 333,093</u>	<u>\$ (4,190)</u>	<u>\$ 3,254,617</u>	<u>\$ 955,455</u>	<u>\$ 4,210,072</u>