

Financial Statements
Knoxville Chapter of the Tennessee
Society of Certified Public Accountants
*Year ended March 31, 2007
with Report of Independent Auditors*

Knoxville Chapter of the Tennessee Society of Certified Public Accountants

Financial Statements

Year ended March 31, 2007

Contents

Report of Independent Auditors	1
Audited Financial Statements	
Statement of Financial Position	2
Statement of Activities.....	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements.....	6



Report of Independent Auditors

Board of Directors
Knoxville Chapter of the Tennessee Society of Certified Public Accountants

We have audited the accompanying statement of financial position of the Knoxville Chapter of the Tennessee Society of Certified Public Accountants (the "Chapter") as of March 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Chapter's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Knoxville Chapter of the Tennessee Society of Certified Public Accountants as of March 31, 2007, and the changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Coulter & Justus, P.C.

May 16, 2007

Knoxville Chapter of the Tennessee Society of Certified Public Accountants

Statement of Financial Position

March 31, 2007

Assets

Current assets:

Cash (including certificates of deposit of \$50,210)	\$	98,355
Accounts receivable		1,596
Dues paid in advance--held by State Society		13,970
Prepaid expenses		250
Total current assets	\$	<u>114,171</u>

Liabilities and net assets

Current liabilities:

Amounts payable under seminar arrangements	\$	6,565
Accrued scholarships payable		1,000
Deferred revenue--membership dues		13,970
Total current liabilities		<u>21,535</u>

Net assets:

Unrestricted and undesignated		72,636
Unrestricted--designated for future meeting costs		20,000
Total net assets		<u>92,636</u>
Total liabilities and net assets	\$	<u>114,171</u>

See accompanying Notes to Financial Statements.

Knoxville Chapter of the Tennessee Society of Certified Public Accountants

Statement of Activities

Year ended March 31, 2007

Revenues and other support:	
Membership dues	\$ 55,307
Seminar revenue	13,670
Golf tournament	12,875
Newsletter advertising	1,201
Interest and other income	32
Donated services	8,000
Total revenue and other support	<u>91,085</u>
Expenses:	
Program services	61,169
Supporting services:	
Management and general	10,542
Fund raising activities	6,599
Total supporting services	<u>17,141</u>
Total expenses	<u>78,310</u>
Increase in net assets	12,775
Net assets as of April 1, 2006	<u>79,861</u>
Net assets as of March 31, 2007	<u><u>\$ 92,636</u></u>

See accompanying Notes to Financial Statements.

Knoxville Chapter of the Tennessee Society of Certified Public Accountants

Statement of Cash Flows

Year ended March 31, 2007

Operating activities	
Increase in net assets	\$ 12,775
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Accounts receivable	(1,296)
Dues paid in advance--held by State Society	(5,940)
Prepaid expenses	300
Accrued scholarship payable	(2,000)
Deferred revenue--membership dues	5,940
Net cash provided by operating activities	<u>9,779</u>
Cash as of April 1, 2006	<u>88,576</u>
Cash as of March 31, 2007	<u><u>\$ 98,355</u></u>

See accompanying Notes to Financial Statements.

Knoxville Chapter of the Tennessee Society of Certified Public Accountants

Statement of Functional Expenses

Year ended March 31, 2007

	<u>Supporting Services</u>			Total
	Program Services	Management & General	Fund Raising Activities	
Membership meetings:				
Meals	\$ 47,514	\$ -	\$ -	\$ 47,514
Speaker gifts	1,450	-	-	1,450
Special projects-Angel Tree	6,300	-	-	6,300
Golf tournament	-	-	6,599	6,599
Scholarships	1,105	-	-	1,105
Board of directors meetings	1,140	-	-	1,140
Committees	2,428	-	-	2,428
Seminar	192	-	-	192
Convention	1,040	-	-	1,040
Reservation director	-	870	-	870
Printing and supplies	-	917	-	917
Other	-	415	-	415
Bad debt	-	340	-	340
Donated services	-	8,000	-	8,000
	<u>\$ 61,169</u>	<u>\$ 10,542</u>	<u>\$ 6,599</u>	<u>\$ 78,310</u>

See accompanying Notes to Financial Statements.

Knoxville Chapter of the Tennessee Society of Certified Public Accountants

Notes to Financial Statements

March 31, 2007

1. Description of Organization and Significant Accounting Policies

Description of Organization

The Knoxville Chapter of the Tennessee Society of Certified Public Accountants (the "Chapter") is one of eight chapters of the Tennessee Society of Certified Public Accountants (the "State Society"). The Chapter serves the members of the State Society located in seventeen counties in central East Tennessee with various professional and social activities.

Basis of Presentation

The Chapter's financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue in the period in which earned rather than when received and records expenses in the period in which incurred rather than when paid.

The Chapter's net assets consist of unrestricted net assets. Unrestricted net assets generally result from revenue derived from providing services, receiving unrestricted contributions, interest income, less expenses incurred in providing services, raising contributions, and performing administrative functions.

There was no temporarily or permanently restricted support received for the year ended March 31, 2007, or temporarily or permanently restricted net assets as of March 31, 2007.

Income Taxes

The Chapter, as a division of the State Society, is a tax-exempt entity under Section 501(c)(6) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Donated Services

The officers, board members, committee members and individual members volunteer their time and perform a variety of tasks that assist the Chapter in conducting its affairs. The Chapter has estimated and recorded in the statement of activities \$8,000 for the fair value of these donated services.

Knoxville Chapter of the Tennessee Society of Certified Public Accountants

Notes to Financial Statements (continued)

3. Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been reported on a functional basis in the accompanying Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

4. Related Party Transactions

All Chapter dues are collected by the State Society and remitted to the Chapter. The State Society held \$13,970 in dues collected in advance for the Chapter as of March 31, 2007. As these amounts relate to dues for the year ended March 31, 2007, they have been recorded as deferred revenue in the accompanying statement of financial position.

5. Board Designated Net Assets

The Chapter Board of Directors has designated \$20,000 for future meeting costs. The funds are included in unrestricted net assets.