

SOUTHERN HILLS BUSINESS ASSOCIATION

Shreveport, Louisiana

FINANCIAL STATEMENTS

December 31, 2017

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

SOUTHERN HILLS BUSINESS ASSOCIATION

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

To the Board of Directors
Southern Hills Business Association, Inc.
Shreveport, Louisiana

Management is responsible for the accompanying financial statements of Southern Hills Business Association, Inc. (a nonprofit corporation), which comprise the statement of financial condition as of December 31, 2017 and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to my compilation engagement, however, I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Certified Public Accountant
May 26, 2018

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SHREVEPORT, LA 71104-3036
(318) 221-3881
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SOUTHERN HILLS BUSINESS ASSOCIATION

Statement of Financial Position

December 31, 2017

| | |
|---------------------------------------|------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and Cash Equivalents | \$ 8,347 |
| Grants Receivable | <u>1,171</u> |
| Total Current Assets | 9,518 |
| PROPERTY AND EQUIPMENT (NET) | <u>2,414</u> |
| Total Assets | <u>\$ 11,932</u> |
| LIABILITIES AND NET ASSETS | |
| Accounts Payable and Accrued Expenses | <u>\$ 1,475</u> |
| Total Current Liabilities | <u>1,475</u> |
| Net Assets: | |
| Unrestricted | <u>10,457</u> |
| Total Net Assets | <u>10,457</u> |
| Total Liabilities and Net Assets | <u>\$ 11,932</u> |

See accountant's compilation report and notes to financial statements.

SOUTHERN HILLS BUSINESS ASSOCIATION

Statement of Activities

For the Year Ended December 31, 2017

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|------------------|
| SUPPORT AND REVENUE: | | | | |
| Support: | | | | |
| Contributions | \$ - | \$ - | \$ - | \$ - |
| Grants | - | 31,000 | - | 31,000 |
| Total Support | - | 31,000 | - | 31,000 |
| Revenues: | | | | |
| Conference Center Revenue | 9,850 | - | - | 9,850 |
| Membership Dues | 20,664 | - | - | 20,664 |
| Special Events | 5,125 | - | - | 5,125 |
| Miscellaneous | 1,159 | - | - | 1,159 |
| Total Revenues | 36,798 | - | - | 36,798 |
| Total Support and Revenue | 36,798 | 31,000 | - | 67,798 |
| Net Assets Released from Restrictions: | | | | |
| Satisfaction of Usage Restrictions | 31,000 | (31,000) | - | - |
| Total Support and Revenue | 67,798 | - | - | 67,798 |
| EXPENSES | | | | |
| Program Expenses | 51,307 | - | - | 51,307 |
| Special Events | 4,522 | - | - | 4,522 |
| Management and General | 23,994 | - | - | 23,994 |
| Total Expenses | 79,823 | - | - | 79,823 |
| Change in Net Assets | (12,025) | - | - | (12,025) |
| Net assets, beginning of year | 22,482 | - | - | 22,482 |
| Net assets, end of year | <u>\$ 10,457</u> | <u>-</u> | <u>\$ -</u> | <u>\$ 10,457</u> |

See accountant's compilation report and notes to financial statements.

SOUTHERN HILLS BUSINESS ASSOCIATION, INC.

Statement of Cash Flows

For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|-----------------|
| Change in net assets | \$ (12,025) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 782 |
| Changes in assets and liabilities: | |
| Increase in grants receivable | (1,171) |
| Increase in accounts payable | 788 |
| | <hr/> |
| Net cash provided by operating activities | <u>(11,626)</u> |

CASH FLOWS USED BY INVESTING ACTIVITIES:

| | |
|---|----------|
| Purchase of fixed assets | - |
| | <hr/> |
| Net cash provided by investing activities | <u>-</u> |

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:

| | |
|---------------------------------------|----------|
| Proceeds from borrowings | - |
| Principal payments on debt | - |
| | <hr/> |
| Net cash used by financing activities | <u>-</u> |

| | |
|---------------------------------|----------|
| Net increase (decrease) in cash | (11,626) |
|---------------------------------|----------|

| | |
|--|---------------|
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>19,973</u> |
|--|---------------|

| | |
|--|------------------------|
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 8,347</u></u> |
|--|------------------------|

See accountant's compilation report and notes to financial statements.

SOUTHERN HILLS BUSINESS ASSOCIATION, INC.

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

Southern Hills Business Association, Inc. is a nonprofit organization exempt from income tax purposes under Section 501 (c) (3) of the Internal Revenue Code. The purpose of the Association is to encourage the members of Southern Hills business community to unite for the purpose of promoting a greater sense of business and social unity. The Association is managed by the officers of the corporation who are responsible to the Board of Directors as the bylaws require.

B. Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting.

C. Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Property and Equipment:

Purchased property and equipment are stated at cost. Purchased assets in excess of \$1,000 are capitalized and depreciated over their useful lives. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to ten years. At December 31, 2017, net fixed assets were (assets at cost of \$7,823 net of accumulated depreciation of \$5,409) \$2,414.

SOUTHERN HILLS BUSINESS ASSOCIATION, INC.

Notes to Financial Statements

December 31, 2017

H. Contributions:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are 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 asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

I. Estimates:

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

2. CONCENTRATIONS OF CREDIT:

Funds from one grantor accounted for forty six percent (46%) of the Association's revenue.

SOUTHERN HILLS BUSINESS ASSOCIATION

Corrective Action Taken on of Prior Year Findings

For the Year Ended December 31, 2017

Finding 2016-#1: The segregation of duties is inadequate to provide effective internal control.

Status: No action was recommended and none was taken.

SOUTHERN HILLS BUSINESS ASSOCIATION

Schedule of Findings

For the Year Ended December 31, 2017

Finding # 2017-1: The segregation of duties is inadequate.

Criteria: Effective internal control requires segregation of duties.

Condition: Employees perform interrelated duties. The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to space and economic limitations.

Effect: Unknown.

Recommendation: Whether or not it would be cost effective to correct a condition is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all conditions reported under accounting standards generally accepted in the United States of America. In this case, both management and the independent accountant do not believe that correcting the condition described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary.

Management's Response and Corrective Action Plan: We agree with the finding. We will make every effort to segregate duties as allowed by space and economic limitations.

SOUTHERN HILLS BUSINESS ASSOCIATION, INC.
Schedule of Compensation, Reimbursements, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2017

Agency Head: Richard Corbett, President of the Board of Directors

| | |
|----------------|------|
| Salary | \$ - |
| Payroll Taxes | \$ - |
| Per Diem | \$ - |
| Reimbursements | \$ - |
| Insurance | \$ - |
| Retirement | \$ - |
| Travel | \$ - |
| Conference | \$ - |