

AFRICAN AMERICAN CHAMBER OF COMMERCE  
OF WESTCHESTER AND ROCKLAND COUNTIES, INC

INDEPENDENT AUDITORS' REPORT  
ON FINANCIAL STATEMENTS

**AS OF JUNE 30, 2006**

Vernon J. Key, CPA

African American Chamber of Commerce  
of Westchester and Rockland Counties, Inc  
June 30, 2006

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**American Institute of Certified Public Accountants**  
**Private Companies Practice Section**  
**New York State Society of Certified Public Accountants**

INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
African American Chamber of  
Commerce of Westchester  
and Rockland Counties, Inc.

We have audited the accompanying statement of financial position of African American Chamber of Commerce of Westchester and Rockland Counties, Inc. ("the Chamber") as of June 30, 2006, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Chamber's management. Our responsibility is to express an opinion on the 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 provide 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 African American Chamber of Commerce of Westchester and Rockland Counties, Inc. as of June 30, 2006, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Flushing, New York  
May 1, 2007

African American Chamber of Commerce  
of Westchester and Rockland Counties, Inc  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES:**

Organization

The African American Chamber of Commerce of Westchester and Rockland Counties, Inc. (the “Chamber”) was incorporated in the State of New York pursuant to the Not-for-Profit Corporation Law. The Chamber was determined to be a publicly supported organization by the Internal Revenue Service and is exempt from federal income tax under Section 501 (c) (6) of the Internal Revenue Code.

Nature of Activities

The Chamber was organized to aid, counsel and protect the interest of African Americans and protect the interest of African American businesses. The mission of the Chamber is to preserve competitive enterprise and to maintain and strengthen the overall economy of Westchester and Rockland counties. The Chamber provides business development seminars as well as networking events throughout the year for its members and the public at large.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

a) Financial Statements Presentation

The financial statement presentation is in conformity with accounting principles generally accepted in the United States of America for nonprofit organizations, which require the Chamber to report information regarding its financial position and statement of activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

African American Chamber of Commerce  
of Westchester and Rockland Counties, Inc  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

b) Contributions

Sponsorships are collected annually from the Chambers' corporate members who attend special events. To the extent that sponsorships exceed the fair value of the cost of conducting the special events for corporate members, contribution revenue is recognized.

c) Membership Dues

The Chamber receives local membership dues from individuals and private industry by requiring certain individuals and firms who desire membership to pay annual dues in an amount determined by the Board of Directors. Dues collected and designated for the current fiscal year are recognized as income. Dues collected for the subsequent fiscal year are deferred until recognized as income based on the fiscal period for which they are assessed.

d) Special Events

Special events income represents the fair value of the events provided by the Chamber during the fiscal year. Income is recognized in the period events occur.

e) Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as appropriate.

f) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Chamber considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

African American Chamber of Commerce  
of Westchester and Rockland Counties, Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

g) Use of Estimates

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

**NOTE 3. LEASE COMMITMENTS:**

On July 1, 2004, the Chamber entered into a non cancelable 5-year lease agreement for its Mount Vernon office space effective July 1, 2004. The terms provide for annual rent increases of 5% over the lease period. In accordance with generally accepted accounting principles, the Chamber records monthly rent expense ratably over the lease period. The minimum future annual rental commitments in effect at June 30, 2006 are as follows.

2007	\$23,185
2008	24,345
2009	<u>25,562</u>
	<u>\$73,092</u>

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**INDEPENDENT AUDITORS' REPORT**  
**ON ADDITIONAL DATA**

The Board of Directors  
African American Chamber of Commerce  
of Westchester and Rockland Counties, Inc.

The basic financial statements of African American Chamber of Commerce of Westchester and Rockland Counties, Inc., (the "Chamber"), namely the statement of financial position as of June 30, 2006, and the related statement of activities and cash flows for the year then ended and our Independent Auditors' Report thereon are included in the preceding section of this report.

The accompanying schedule of functional expenses is presented primarily for additional information purposes and is not a required part of the basic financial statements of African American Chamber of Commerce of Westchester and Rockland Counties, Inc. for the year ended June 30, 2006. Our audit, which is set forth in our Independent Auditors' Report, was conducted primarily for the purpose of formulating an opinion on the basic financial statements, taken as a whole. The data contained in such schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and are, in our opinion fairly stated in all material respects in relation to those basic financial statements, taken as a whole.

Flushing, New York  
May 1, 2007