

Enid Regional Development Alliance, Inc.

Enid, Oklahoma

***REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

For the Year Ended June 30, 2015

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ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

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June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Enid Regional Development Alliance, Inc.

We have audited the accompanying financial statements of Enid Regional Development Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Enid Regional Development Alliance, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2015 on our consideration of Enid Regional Development Alliance, Inc.'s internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Enid Regional Development Alliance, Inc.'s internal control over financial reporting and compliance.


SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

September 10, 2015

FINANCIAL STATEMENTS

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

Cash and Cash Equivalents	\$ 727,716
Receivables:	
Membership	2,850
Direct Financing Lease	60,209
Loans and Notes Receivable	37,539
Investments	251,511
Fixed Assets, Net of Accumulated Depreciation	<u>8,193</u>

TOTAL ASSETS \$ 1,088,018

LIABILITIES AND NET ASSETS

Accounts Payable and Accrued Expenses	\$ 2,297
Accrued Compensated Absences	<u>12,145</u>
Total Liabilities	<u>14,442</u>

NET ASSETS

Unrestricted	1,029,026
Temporarily Restricted	44,550
Permanently Restricted	<u>0</u>
Total Net Assets	<u>1,073,576</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,088,018

* The accompanying notes are an integral part of the financial statements

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUES</u>			
City of Enid	\$ 600,000	\$ 0	\$ 600,000
Garfield County Industrial Authority	30,000	0	30,000
Memberships	68,700	0	68,700
Interest	4,862	0	4,862
Other	5,291	0	5,291
Gain on Sale of Assets	0	0	0
Net Assets Released From Retrictions:			
Satisfaction of Program Requirements	0	0	0
	<u>708,853</u>	<u>0</u>	<u>708,853</u>
Total Support and Revenues			
<u>EXPENSES</u>			
Program Services:			
Business Development	274,440	0	274,440
Promotion and Marketing	225,981	0	225,981
Total Program Services	<u>500,421</u>	<u>0</u>	<u>500,421</u>
Supporting Services:			
General and Administrative	187,480	0	187,480
Total Expenses	<u>687,901</u>	<u>0</u>	<u>687,901</u>
Change in Net Assets	20,952	0	20,952
Net Assets, Beginning of Year	<u>1,008,074</u>	<u>44,550</u>	<u>1,052,624</u>
Net Assets, End of Year	<u>\$ 1,029,026</u>	<u>\$ 44,550</u>	<u>\$ 1,073,576</u>

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

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	\$	20,952
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation		4,060
Bad Debt Expense		54,269
(Increase) Decrease in Operating Assets:		
Membership Receivables		950
Prepaid Expenses		2,400
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses		<u>(16,737)</u>
Net Cash Provided (Used) by Operating Activities		<u>65,894</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Repayment on Direct Financing Lease		6,000
Repayments of Notes Receivable		12,371
Deposits to Investment Accounts		<u>(1,511)</u>
Net Cash Provided (Used) by Investing Activities		<u>16,860</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Net Cash Provided (Used) by Financing Activities		<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents		82,754
Cash and Cash Equivalents at Beginning of Year		<u>644,962</u>
Cash and Cash Equivalents at End of Year	\$	<u><u>727,716</u></u>

* The accompanying notes are an integral part of the financial statements

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

	Program Services			Supporting Services	Totals
	Business Development	Promotion and Marketing	Total Program Services	General and Administrative	
EXPENSES					
Salaries and Wages	\$ 106,056	\$ 59,657	\$ 165,713	\$ 55,237	\$ 220,950
Fringe Benefits	17,804	10,015	27,819	9,271	37,090
Payroll Taxes	7,821	4,399	12,220	4,073	16,293
 Total Salaries and Related Expenses	 131,681	 74,071	 205,752	 68,581	 274,333
Business Recruitment	123,501	800	124,301	0	124,301
Marketing and Advertising	0	65,665	65,665	4,533	70,198
Travel - Conferences and Promotional	4,122	70,983	75,105	2,012	77,117
Dues and Subscriptions	8,740	524	9,264	10,111	19,375
Training	0	0	0	3,527	3,527
Audit and Accounting Services	0	0	0	16,850	16,850
Legal Services	0	0	0	1,521	1,521
Consultant Fees	0	0	0	2,500	2,500
Meetings	311	7,389	7,700	6,359	14,059
Telephone	2,053	2,053	4,106	4,448	8,554
Rent	857	857	1,714	1,713	3,427
Office Supplies	1,917	1,968	3,885	5,217	9,102
Postage	70	659	729	70	799
Travel - Administrative	0	0	0	230	230
Directors Liability Insurance	705	353	1,058	118	1,176
Building Insurance	176	352	528	176	704
Bank Charges	0	0	0	170	170
Workers Compensation	307	307	614	613	1,227
Miscellaneous	0	0	0	402	402
Depreciation	0	0	0	4,060	4,060
Bad Debt Expense	0	0	0	54,269	54,269
 Total Expenses	 <u>\$ 274,440</u>	 <u>\$ 225,981</u>	 <u>\$ 500,421</u>	 <u>\$ 187,480</u>	 <u>\$ 687,901</u>

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

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 1: NATURE OF ACTIVITIES

Enid Regional Development Alliance, Inc. (the "Alliance") is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, established to promote economic development and increase the quality and quantity of jobs in Enid, Oklahoma and the surrounding area.

The Alliance's mission is to promote the City of Enid to potential new industries, attract new industries, retain and expend the existing job base and provide capital to businesses seeking to expand or relocate to the Enid area.

Membership is divided into two classes; public and private members. Public memberships include the City of Enid and the Garfield County Industrial Authority. Private membership is restricted to individuals and businesses that have a business interest, reside, or conduct business in Garfield County, Oklahoma, in which Enid is located.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Alliance uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of when cash is received or expended. A receivable represents that portion of grant and contract revenues which the Alliance has earned and/or requested, but not received. With the exception of incentive payments, expenses incurred but not paid at year end are represented by a liability on the statement of financial position. Because of timing of claims for incentive payments, which may be calculated based on statistical reports issued by the state well after year end, incentive payments are recorded as expenses when paid. Net assets represent the cumulative excess of revenues recognized over expenses incurred. Temporarily restricted net assets are subject to recall or re-obligation at the discretion of granting agencies or being carried over to subsequent program years.

Financial Statement Presentation – The accompanying financial statements are presented in accordance with Financial Accounting Standard Board ("FASB") *Accounting Standards Codification*, which requires the Alliance to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, depending on the existence or nature of any grantor/donor restrictions.

The net assets are reported as follows:

Unrestricted – Represents the portion of expendable funds that are available for support of operations.

Temporarily Restricted – Represents funds with donor/grantor-designated restrictions that will be satisfied with either the passage of time or the occurrence of an event.

Permanently Restricted – Represents funds that are subject to donor restrictions that neither expire by passage of time nor can be fulfilled or otherwise by the Alliance's actions.

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Significant Concentrations – The Alliance maintains bank accounts which are insured by the Federal Deposit Insurance Corporation. Cash balances in excess of FDIC limits are collateralized by the financial institutions.

Support from the City of Enid represents approximately 85% of the Alliance's total revenues and support in 2015.

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

Cash and Cash Equivalents – The Alliance considers all cash and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Loans and Notes Receivable – Loans and notes receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses and uncollectible note receivable. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Loans are considered to be delinquent when payments are 30 days past due.

The allowance for loan losses and uncollectible note receivable is established through a provision for loan losses and uncollectible notes charged to expense. Loans and notes are charged against the allowance when management believes that the collectability of the principal is unlikely. The allowance, in management's opinion, is adequate to absorb possible losses on existing loans, which may become uncollectible. Periodically, management evaluates the allowance based on the borrower's ability to make required payments, economic events, and other factors.

In the fiscal year ended June 30, 2015, the Alliance wrote off two loans totaling \$108,536. After application of the allowance account of \$79,269, the Alliance recorded bad debt expense of \$54,269. Management is of the opinion that remaining notes receivable are fully collectible and no allowance account has been recorded.

Capital Assets – The Alliance capitalizes property and equipment costing over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost, while donations of property and equipment are recorded as contributions at their estimated fair market value. Assets purchased with grant funds with explicit restrictions regarding their use are recorded as temporarily restricted. These assets are reclassified to unrestricted as the value of the asset is depreciated or used. Property and equipment are depreciated using the straight-line method over the estimated useful lives ranging from five to seven years.

Income Tax Status – The Alliance qualifies as an organization exempt from income taxes under Section 501(c)(6) of the *Internal Revenue Code*. As such, no provision has been made for federal or state income taxes. The Alliance's Form 990, *Return of Organization Exempt From Income Tax*, for the years ended June 30, 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after they are filed.

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions – The Alliance reports contributions of cash and other assets as restricted support if they are received with stipulations that limit the use of the contributed assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions whose restrictions are met in the same accounting period during which the contributions are received are recorded as unrestricted support in the period received.

Functional Expenses – Expenses are allocated between business development, promotion and marketing, and general and administrative based upon either actual usage or the estimated cost attributable to each function. Business development expenses are costs associated with attracting new industries, retaining and growing the existing job base and providing capital to businesses seeking to expand or relocate to the Enid area. Promotion and marketing expenses are costs to promote the City of Enid, the surrounding area and the Alliance.

NOTE 3: INVESTMENTS

In September 2011, the Alliance entered into an agreement to invest \$150,000 in a venture capital project headed by a regional developer. This investment was used to fund a feasibility study for the development of a bio-jet fuel refinery in the City of Enid. In exchange for this investment, subject to the completion of the project, the Alliance will receive a 60% return on its investment funding and a 25% equity ownership of the project, among other benefits. The feasibility study was completed during the year ended June 30, 2012. Based upon the results of the feasibility study, the investors in the project are currently seeking to secure \$25 million of capital for the next phase of the project.

In March 2012, the Alliance pledged a \$100,000 certificate of deposit held at a bank as collateral for a \$100,000 loan from the bank to Fence Solutions, Inc. This loan was used by Fence Solutions, Inc. to secure a patent on the company's main product. After repayment of all principal and accrued interest on the loan, in exchange for pledging the certificate of deposit, Fence Solutions, Inc. will pay ERDA a royalty of 0.2% of gross sales for the life of the patented product. At June 30, 2015, the certificate of deposit was valued at \$101,511.

NOTE 4: RECEIVABLES

Accounts – As of June 30, 2015, the Alliance had accounts receivable for memberships as follows:

Membership Receivables	\$ 2,850
Less Allowance for Doubtful Accounts	<u>0</u>
Accounts Receivable, Net	<u>\$ 2,850</u>

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 4: RECEIVABLES, CONTINUED

Loans and Notes – Loans are provided by the Alliance to businesses that are starting or expanding operations in Garfield County through the Grow Enid loan program or directly to businesses.

The Grow Enid loan program provides loans through partnerships with local lenders to share risk and to assist in the administration of the loans, with the Alliance taking a subordinated position. At June 30, 2014, two loans were outstanding under the Grow Enid loan program, totaling \$108,536. The Alliance has a 40% participation interest in a loan maturing November 2014 bearing interest of 6.50% with \$92,056 outstanding at June 30, 2014. The Alliance has a 40% participation interest in another loan which matured in October 2012 bearing interest of 6.75%, with \$16,480 outstanding at June 30, 2014. These loans can be used for equipment, real estate, or working capital. The participating bank is currently working with the business to restructure the loans. The loans were in default and no repayments were made during 2014 or 2015. The Alliance wrote off both of these loans during the year ended June 30, 2015.

The Alliance also holds a 19.7% participation interest in a third loan which matures June 28, 2033. This loan bears a variable interest rate which is currently 4.25% and had an outstanding balance of \$31,067 at June 30, 2015. This loan is current.

The Alliance also provides loans directly to businesses. At June 30, 2015, the Alliance had two such loans receivable outstanding, which have outstanding balances of \$3,013 and \$3,459. Both loans are current.

Direct Financing Lease – In December 2010, the Alliance purchased a building in Enid for \$200,000, which it subsequently leased to Fence Solutions, Inc. The lease is for an initial term of seven years at a rate of \$1,289 per month. The lessee has the option to purchase the building at any time during the term of the lease or subsequent extensions of the lease. All rent paid by the lessee shall be applied to the purchase price. At the conclusion of the initial seven-year term, the purchase option shall automatically engage. The lessee can then continue the lease annually for an additional seven-year term or until the purchase price is paid off, including interest at a rate of 6.0%. If the lessee has completed all scheduled payments at the conclusion of the second seven-year term, ownership of the building shall be transferred to the lessee for one dollar. The building is reflected in the accompanying statement of financial position as a direct financing lease asset.

The acquisition of the building by the Alliance was partially funded by a \$99,000 Rural Business Enterprise Grant (“RBEG”) from the United States Department of Agriculture (“USDA”). The USDA grant requires repayment of all or a portion of the RBEG under certain conditions upon the sale of the building. The current building tenant has expressed intention to purchase the building outright from the Alliance in the future and the Alliance has agreed to apply all tenant lease payments made through the date of purchase to the purchase price.

Activity for loans and notes receivable and the direct financing lease for the year ended June 30, 2015 are as follows:

	Beginning Balance	Increases	Decreases	Written Off	Ending Balance
Direct Financing Lease	\$ 66,209	\$ 0	\$(6,000)	\$ 0	\$ 60,209
Loans and Notes Receivable	<u>158,446</u>	<u>0</u>	<u>(12,371)</u>	<u>(108,536)</u>	<u>37,539</u>
	224,655	0	(18,371)	(108,536)	97,748
Allowance for Doubtful Accounts	<u>(54,268)</u>	<u>(25,000)</u>	<u>79,268</u>	<u>0</u>	<u>0</u>
Loans and Leases Receivable, Net	<u>\$ 170,387</u>	<u>\$(25,000)</u>	<u>\$ 60,897</u>	<u>\$(108,536)</u>	<u>\$ 97,748</u>

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 5: RESTRICTED ASSETS

Temporarily Restricted Net Assets – The Alliance received a grant of \$99,000 from USDA Rural Business Enterprises for help in purchasing a building that was in turn leased as part of a lease purchase agreement. (See Note 3). If the building is sold, then all or a portion of the grant must be returned to Rural Business Enterprises. In fiscal year ended June 30, 2014, a portion of the building was sold and funds totaling \$54,450 were returned to USDA.

In accordance with FASB “Accounting Standards Codification”, net assets whose use by the organization is limited were reported at June 30, 2015 as temporarily restricted net assets, as follows:

Temporarily Restricted Net Assets:	
Economic Development	\$ 44,550
Total Temporarily Restricted Net Assets	<u>\$ 44,550</u>

Fixed Assets – The Alliance’s fixed assets as of June 30, 2015, were as follows:

Capital Assets Being Depreciated:				
Office Furniture and Equipment	\$ 28,781	\$ 0	\$ 0	\$ 28,781
Accumulated Depreciation:				
Office Furniture and Equipment	<u>(16,528)</u>	<u>(4,060)</u>	<u>0</u>	<u>(20,588)</u>
Net Capital Assets	<u>\$ 12,253</u>	<u>\$ (4,060)</u>	<u>\$ 0</u>	<u>\$ 8,193</u>

Office furniture and equipment costing \$500 or more are included at cost.

Compensated Absences – On the first day of the calendar year (January 1) all full time, regular employees are credited with 10 days of leave per year to be taken over the next twelve months. On the completion of three years of continual service, employees earn annual leave at a rate of 15 days per year starting, on a pro rata basis, as of the anniversary employment date. Full time employees with over three years or more continual service, earn annual leave at a rate of 13 hours per month (or 156 hours/year). Part-time employees may be eligible for leave as outlined in the employment contract.

<u>Years of Service</u>	<u>Hours Earned</u>
<3	80
>3	120

Upon termination, an employee is paid for accrued leave to a maximum of 120 hours. The liability for accrued compensated absences, as of June 30, 2015 was \$12,145.

Long-Term Debt – The Alliance had no debt during the year ended June 30, 2015.

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

NOTE 6: EMPLOYEE PENSION PLAN

Plan Description – The Alliance adopted a pension plan for its full time employees in the form of a SIMPLE IRA plan (the “Plan”) in accordance with the *Internal Revenue Code*.

Employees are eligible to contribute on their first day of employment. Participants must elect to contribute at least 1% of their salary to the plan on a pretax basis in order to receive the Alliances’ matching contribution. Participants contribute at least 1% of compensation up to an annual maximum of \$17,500, and the Alliance matches the participant’s contribution up to 3% of compensation.

Contributions – During the year ended June 30, 2015, contributions made by the Alliance totaled \$6,632.

NOTE 7: COMMITMENTS AND CONTINGENCIES

The Alliance has made commitments to several businesses as part of economic development incentives whereby the Alliance will pay to the companies an incentive payment if the companies meet certain benchmarks each year for a specified number of years, as follows:

<u>Start Date</u>	<u>End Date</u>	<u>Total Incentive</u>	<u>Payments in current Fiscal Year</u>	<u>Total Payments through June 30 2015</u>	<u>Remaining Commitment</u>
Jul. '11	Jan. '15	\$ 108,004	\$ 11,934	\$ 108,004	\$ 0
Oct. '11	Oct. '20	400,000	40,000	200,000	200,000
Dec. '11	Dec. '16	50,000	14,403	43,282	3,718
Aug. '13	Oct. '17	81,600	10,846	19,544	62,056
Nov. '13	Nov. '16	150,000	0	63,000	87,000
Apr. '15	Mar. '18	<u>51,000</u>	<u>0</u>	<u>0</u>	<u>51,000</u>
Totals		<u>\$ 840,604</u>	<u>\$ 77,183</u>	<u>\$ 436,830</u>	<u>\$ 403,774</u>

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 10, 2015, which is the date the financial statements were available to be issued.

Saunders & Associates, PLLC

Certified Public Accountants

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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

Board of Directors
Enid Regional Development Alliance, Inc.

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 Enid Regional Development Alliance, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Enid Regional Development Alliance, Inc.'s internal control over financial reporting (internal control) to determine the audit 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 Enid Regional Development Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Enid Regional Development Alliance, Inc.'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 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 Enid Regional Development Alliance, Inc.'s financial statements are free of 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 Enid Regional Development Alliance, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Enid Regional Development Alliance, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Saunders & Associates, PLLC
SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

September 10, 2015

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

STATUS OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2015

None reported.

ENID REGIONAL DEVELOPMENT ALLIANCE, INC.
Enid, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2015

None reported.