

**TENNESSEE TRUCKING ASSOCIATION, INC.**  
**FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITOR'S REPORT**  
**DECEMBER 31, 2015**

# TENNESSEE TRUCKING ASSOCIATION, INC.

## TABLE OF CONTENTS

Independent Auditor's Report	3
Financial Statements:	
Statements of Financial Position	5
Statements of Activities	7
Statements of Cash Flows	11
Notes to Financial Statements	12



**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTING FIRM

Professional Accounting & Consulting Services

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Tennessee Trucking Association, Inc.  
Nashville, Tennessee

I have audited the accompanying financial statements of Tennessee Trucking Association, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Trucking Association, Inc. as of December 31, 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.

## **Prior Period Financial Statements**

The 2014 financial statements were reviewed by me, and my report thereon, dated March 31, 2015, stated I was not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

*Bellafant PLLC*

April 21, 2016

**TENNESSEE TRUCKING ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2015 AND 2014**

**ASSETS**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Current Assets</b>		
Cash	\$ 153,506	\$ 41,776
Accounts receivable	38,199	57,825
Prepaid insurance	<u>5,616</u>	<u>5,393</u>
Total Current Assets	<u>197,321</u>	<u>104,994</u>
 <b>Property, Office Equipment and Vehicles</b>		
Land, building and improvements	497,021	497,021
Office equipment	80,929	80,929
Vehicles	<u>28,726</u>	<u>28,726</u>
	606,676	606,676
Less: accumulated depreciation	<u>(285,279)</u>	<u>(264,823)</u>
Total Property, Office Equipment and Vehicles - Net	<u>321,397</u>	<u>341,853</u>
 <b>Other Assets</b>	<u>2,798</u>	<u>2,798</u>
Total Assets	<u><u>\$ 521,516</u></u>	<u><u>\$ 449,645</u></u>

See accompanying notes and independent accountant's audit report.

**TENNESSEE TRUCKING ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2015 AND 2014**

**LIABILITIES AND NET ASSETS**

	<u>2015</u>	<u>2014</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 15,652	\$ 24,528
Unearned membership dues	105,450	450
Unearned convention sponsorship	5,000	2,000
Current portion of note payable	<u>4,331</u>	<u>4,166</u>
Total Current Liabilities	<u>130,433</u>	<u>31,144</u>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of note payable	<u>9,199</u>	<u>13,530</u>
Total Noncurrent Liabilities	<u>9,199</u>	<u>13,530</u>
Total Liabilities	139,632	44,674
<b>Unrestricted Net Assets</b>	<u>381,884</u>	<u>404,971</u>
Total Liabilities and Net Assets	<u><u>\$ 521,516</u></u>	<u><u>\$ 449,645</u></u>

See accompanying notes and independent accountant's audit report.

**TENNESSEE TRUCKING ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**REVENUE**

	<u>2015</u>	<u>2014</u>
<b>General</b>		
Membership dues	\$ 326,416	\$ 298,657
Magazine advertising	3,986	2,709
Safety literature	6,367	8,612
Royalties	64,194	69,864
Roadside income	5,200	6,925
Newsletter sponsor	3,600	3,900
Directory	3,176	3,250
Other	232	232
Total General	<u>413,171</u>	<u>394,149</u>
<b>Convention</b>		
Recreation	24,190	30,660
Registration	136,876	122,130
Sponsorships	154,676	139,000
Total Convention	<u>315,742</u>	<u>291,790</u>
<b>Education</b>		
Seminars and workshops	22,914	19,495
<b>Truck Driving Championship</b>	<u>66,857</u>	<u>52,359</u>
<b>SMC Fall Conference</b>	<u>19,895</u>	<u>18,488</u>
<b>Tennessee Trucking Foundation Administration Fees</b>	<u>-</u>	<u>40,000</u>
Total Revenue	<u>838,579</u>	<u>816,281</u>

See accompanying notes and independent accountants' review report.

**TENNESSEE TRUCKING ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES (CONTINUED)**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**EXPENSES**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Member Services</b>		
Salaries	\$ 317,753	\$ 291,138
Retirement	10,714	8,070
Payroll taxes	23,215	21,968
Auto expense	12,119	12,548
Auto leases	13,700	12,604
Bank service charge	10,856	6,645
Interest	1,000	367
Depreciation	6,136	6,006
Dues and subscriptions	5,229	1,637
Equipment rental	4,680	3,694
Information systems	7,321	7,740
Insurance - general	20,984	17,525
Insurance - group	37,737	43,435
Professional services	13,847	18,415
Meetings	8,034	7,236
Office	29,463	18,688
Payroll preparation	2,166	2,116

See accompanying notes and independent accountant's audit report.



**TENNESSEE TRUCKING ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES (CONTINUED)**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**EXPENSES (CONTINUED)**

	<u>2015</u>	<u>2014</u>
<b>Member Services (continued)</b>		
Postage	\$ 2,447	\$ 1,514
Safety literature	3,430	3,470
Taxes - other	723	37
Telephone	11,462	10,758
Travel	<u>9,585</u>	<u>7,199</u>
Total Member Services	<u>552,601</u>	<u>502,810</u>
<b>Convention</b>	<u>137,047</u>	<u>125,913</u>
<b>Lobbying</b>		
Professional fees	47,250	47,250
Entertainment	18,484	21,785
Office	<u>640</u>	<u>-</u>
Total Lobbying	<u>66,374</u>	<u>69,035</u>

See accompanying notes and independent accountant's audit report.

**TENNESSEE TRUCKING ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES (CONTINUED)**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**EXPENSES (CONTINUED)**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Building</b>		
Cleaning and yard	\$ 2,800	\$ 2,800
Depreciation	14,320	14,320
Insurance	1,031	-
Maintenance	6,112	3,604
Property taxes	10,419	10,688
Utilities	6,203	8,139
	<u>40,885</u>	<u>39,551</u>
<b>Total Building</b>		
	<u>13,652</u>	<u>12,120</u>
<b>Safety Management Council</b>		
	<u>41,693</u>	<u>35,393</u>
<b>Truck Driving Championship</b>		
	<u>9,414</u>	<u>6,176</u>
<b>Roadside</b>		
	<u>861,666</u>	<u>790,998</u>
<b>Total Expenses</b>		
	<u>(23,087)</u>	<u>25,283</u>
<b>CHANGE IN NET ASSETS</b>		
	<u>404,971</u>	<u>379,688</u>
<b>Unrestricted Net Assets - beginning of the year</b>		
	<u>\$ 381,884</u>	<u>\$ 404,971</u>

See accompanying notes and independent accountant's audit report.

**TENNESSEE TRUCKING ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Change in net assets	\$ (23,087)	\$ 25,283
Adjustments to reconcile change in net assets to net cash used by operations		
Depreciation	20,456	20,326
(Increase) decrease in:		
Accounts receivable	19,626	(17,430)
Prepaid insurance	(223)	(3,835)
Increase (decrease) in:		
Accounts payable	(8,876)	(4,705)
Unearned convention sponsorship	3,000	(3,000)
Unearned membership dues	<u>105,000</u>	<u>(108,605)</u>
Net Cash Provided (Used) By Operating Activities	<u>115,896</u>	<u>(91,966)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of office equipment	<u>-</u>	<u>(1,174)</u>
Net Cash Provided (Used) By Investing Activities	<u>-</u>	<u>(1,174)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of principle of note payable	<u>(4,166)</u>	<u>(3,994)</u>
Net Cash Provided (Used) By Financing Activities	<u>(4,166)</u>	<u>(3,994)</u>
Net Increase (Decrease) In Cash	111,730	(97,134)
Cash, beginning of the year	<u>41,776</u>	<u>138,910</u>
Cash, end of the year	<u><u>\$ 153,506</u></u>	<u><u>\$ 41,776</u></u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest Paid	<u><u>\$ 1,000</u></u>	<u><u>\$ 367</u></u>

See accompanying notes and independent accountant's audit report.

# TENNESSEE TRUCKING ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization and Purpose:**

The Tennessee Trucking Association, Inc. ("the Association") incorporated in 1931 with the purpose of promoting highway safety, disseminating of information concerning the motor carrier industry, affiliating with the American Trucking Association, assisting members in their individual problem resolution, and to acting as a focal point for members to collectively address issues impacting the trucking industry.

#### **Basis of Presentation:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Association 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.

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Association had no temporarily restricted net assets as of December 31, 2015 or 2014.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Association. Generally donors of these assets permit the Association to use all or part of the income earned for general or specific purposes. The Association had no permanently restricted net assets as of December 31, 2015 or 2014.

**TENNESSEE TRUCKING ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes:**

The Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue code.

The Association has evaluated its tax positions in accordance with the Codification Standard related to Accounting for Uncertainty in Income Taxes. The Association believes that it has taken no uncertain tax positions.

The Association files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Association's returns for the years prior to calendar year 2012 are no longer open for examination.

**Cash:**

For the purposes of the statement of cash flows, the Association considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable:**

The Association considers accounts receivable to be fully collectible; accordingly, no allowances for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Depreciation:**

Property, office equipment, and vehicles with an acquisition cost over \$500 are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset as follows:

Buildings	25 years
Furniture, Equipment, and Building Improvements	5 years
Computers	3 years

**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 amounts could differ from those estimates.

**TENNESSEE TRUCKING ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2015 AND 2014**

**2. CASH**

Cash is comprised of the bank accounts listed below:

	<u>2015</u>	<u>2014</u>
Operating Accounts	\$ 146,708	\$ 34,788
Savings Accounts	<u>6,598</u>	<u>6,788</u>
Total Checking	<u>153,306</u>	<u>41,576</u>
Petty Cash	<u>200</u>	<u>200</u>
Total Cash	<u><u>\$ 153,506</u></u>	<u><u>\$ 41,776</u></u>

**3. LEASES**

The Association leases three vehicles under a noncancellable lease. Minimum future rentals under the leases is as follows:

2016	15,924
2017	5,242
2018	5,242
2019	437
Total	<u><u>\$ 26,845</u></u>

Total automobile lease expense for the year ended December 31, 2015 and 2014 was \$13,700 and \$12,604, respectfully.

**4. PENSION**

The Association adopted a 401(k) Defined Contribution Plan and Trust in July 1997. All full-time employees who have completed one year of service and over the age of 21 are eligible to participate in the 401(k) salary reduction plan. The Association makes a contribution each year based on the employee's gross salary. Pension contributions totaled \$10,714 and \$8,070 for years ended December 31, 2015 and 2014, respectively.

**5. DONATED SERVICES**

Officers, members of the Board of Directors, and other members of the Association have assisted the Association in the accomplishment of its goals and objectives by the donation of their time and services. No amounts have been reflected in the financial statements as it was not practicable to determine the valuation of such services to the Association, and the Association exercises no significant control over the major elements of donated services.

**TENNESSEE TRUCKING ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2015 AND 2014**

**6. COMPENSATED ABSENCES**

Employees of the Association are entitled to paid vacation days. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensation when actually paid to employees.

**7. MANAGEMENT FEE**

In September 1992, the Association entered into an agreement to provide management services to the Tennessee Trucking Foundation (TTF). The Association received \$40,000 in management fees during 2014. The Association decided not to receive the fee from the Foundation in 2015.

**8. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

Cash, accounts receivable, prepaid insurance, other assets, accounts payable, and unearned revenues: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

**9. NOTE PAYABLE**

The commercial loan was refinanced on December 18, 2013. Monthly payments of \$398 are required which include principal and interest calculated at 3.88%.

	\$ 13,530
Less Current Portion	<u>4,331</u>
Noncurrent Portion of Note Payable	<u><u>\$ 9,199</u></u>

As of December 31, 2015, long term debt matures as follows:

2016	4,331
2017	4,502
2018	4,680
2019	<u>17</u>
	<u><u>\$ 13,530</u></u>

**10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 21, 2016, which is the date the financial statements were available to be issued.