

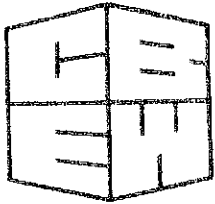
**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**

**BASIC FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
**Shawnee, Oklahoma**

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## INDEPENDENT AUDITOR'S REPORT

July 26, 2017

To the Board of Directors  
Shawnee Economic Development Foundation  
Shawnee, Oklahoma

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Shawnee Economic Development Foundation (the Foundation), a nonprofit organization, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits 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 opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Shawnee Economic Development Foundation, as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Shawnee Economic Development Foundation  
July 26, 2017

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2017 on our consideration of the Foundation's internal control over financial reporting and on our tests of its 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 internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

***CBEW Professional Group, LLP***  
CBEW Professional Group, LLP  
Certified Public Accountants

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
Shawnee, Oklahoma

**STATEMENT OF FINANCIAL POSITION**  
June 30, 2017 and 2016

**ASSETS**

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
<b>Current assets</b>		
Cash and cash equivalents (Note 1)	\$ 79,702	\$ 70,614
Investments	19,706	119,136
Unit pledges receivable, current portion	17,650	20,753
Accrued interest receivable	11	55
Prepaid insurance	5,169	6,925
<b>Total current assets</b>	<u>122,238</u>	<u>217,483</u>
<b>Capital assets (Notes 1 and 3):</b>		
Shell Building - investment	1,263,998	206,013
Land	206,137	206,137
Buildings, net of accumulated depreciation	39,666	44,259
Office furniture and equipment, net of accumulated depreciation	3,129	4,265
<b>Total capital assets, net</b>	<u>1,512,930</u>	<u>460,674</u>
<b>Other assets</b>		
Unit pledges receivable, noncurrent portion	16,351	29,800
Mineral interest	1,000	1,000
Shawnee Tubing Real Estate LLC investment	100,000	-
<b>Total other assets</b>	<u>117,351</u>	<u>30,800</u>
<b>Total assets</b>	<u>\$ 1,752,519</u>	<u>\$ 708,957</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,887	\$ 795
Payroll taxes payable	4,440	4,138
Accrued compensated absences	2,269	2,183
Accrued interest payable	17,796	-
Current portion of long-term debt	-	-
<b>Total current liabilities</b>	<u>26,392</u>	<u>7,116</u>
<b>Long-term liabilities</b>		
Note payable	1,220,331	153,569
Less current portion	-	-
<b>Total long-term liabilities</b>	<u>1,220,331</u>	<u>153,569</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	292,599	307,105
Temporarily restricted	34,001	50,553
Unrestricted	179,196	190,614
Unrestricted - Board designated	-	-
<b>Total net assets</b>	<u>505,796</u>	<u>548,272</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,752,519</u>	<u>\$ 708,957</u>

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

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
Shawnee, Oklahoma

**STATEMENT OF ACTIVITIES**  
For the Years Ended June 30, 2017 and 2016

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
<b>Unrestricted Net Assets</b>		
<b>Revenues:</b>		
Unit sales - membership fees, including pledges receivable	\$ 23,151	\$ 21,061
Rental income	17,500	-
Interest income	608	645
Miscellaneous income	4,000	3,958
Contract - City of Shawnee	231,000	231,000
Net assets released from restriction:	<u>16,552</u>	<u>26,391</u>
<b>Total revenues</b>	<u>292,811</u>	<u>283,055</u>
<b>Expenses:</b>		
Benefits	5,846	6,560
Depreciation	5,729	5,839
Dues and subscriptions	9,501	8,917
Education and training	1,720	995
Insurance	6,193	6,368
Land improvements	433	5,772
Legal and accounting	6,634	6,241
Maintenance and repairs	4,006	10,143
Marketing	32,197	32,050
Miscellaneous	35	35
Office supplies	4,853	7,020
Payroll taxes	11,513	11,026
Rent	15,488	-
Retirement	6,975	6,808
Salaries	150,889	145,766
Shell building expense	47,645	-
Telephone	781	1,113
Utilities	<u>8,297</u>	<u>5,001</u>
<b>Total expenses</b>	<u>318,735</u>	<u>259,654</u>
<b>Excess of revenues (expenses) and changes in unrestricted net assets</b>	<u>(25,924)</u>	<u>23,401</u>
<b>Temporarily Net Assets</b>		
<b>Changes in temporarily restricted net assets:</b>		
Temporarily restricted assets released from restriction	<u>(16,552)</u>	<u>(26,391)</u>
<b>Increase (decrease) in temporarily restricted net assets</b>	<u>(16,552)</u>	<u>(26,391)</u>
<b>Increase (decrease) in net assets</b>	<u>(42,476)</u>	<u>(2,990)</u>
<b>Net assets - beginning of year</b>	<u>548,272</u>	<u>551,262</u>
<b>Net assets - end of year</b>	<u>\$ 505,796</u>	<u>\$ 548,272</u>

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

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
Shwane, Oklahoma

**STATEMENT OF CASH FLOWS**  
For the Years Ended June 30, 2017 and 2016

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (42,476)	\$ (2,990)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,729	5,839
(Increase)/decrease in pledges receivable, net	16,552	26,391
(Increase)/decrease in prepaid expenses	1,756	(4,643)
(Increase)/decrease in accrued interest receivable	44	(8)
(Decrease)/increase in accounts payable	1,092	(171)
(Decrease)/increase in accrued payroll taxes	302	(11)
(Decrease)/increase in accrued compensated absences	86	-
(Decrease)/increase in accrued interest payable	17,796	-
<b>Net cash provided by operating activities</b>	<u>881</u>	<u>24,407</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition & construction of capital assets	(1,057,985)	(208,015)
Proceeds from new debt	1,066,762	153,569
<b>Net cash used in capital and related financing activities</b>	<u>8,777</u>	<u>(54,446)</u>
<b>Cash flows from investing activities:</b>		
Net (purchase) redemption of investments	99,430	(562)
Business investment	(100,000)	-
<b>Net cash provided by investing activities</b>	<u>(570)</u>	<u>(562)</u>
<b>Net increase (decrease) in cash</b>	9,088	(30,601)
<b>Cash and cash equivalents at beginning of year</b>	<u>70,614</u>	<u>101,215</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 79,702</u>	<u>\$ 70,614</u>
<b>Supplemental Cash Flow Information</b>		
Interest paid	\$ 19,700	\$ -
Income taxes paid	-	-

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

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
Shawnee, Oklahoma

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017 and 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Activities**

The Shawnee Economic Development Foundation, Shawnee, Oklahoma (the Foundation, formerly the Shawnee Industrial Foundation, Inc.), was formed in 1959 for the purpose of assisting and promoting the economic development and civic growth of the City of Shawnee, Oklahoma. The Foundation is a not-for-profit corporation and has no stated capital or capital stock. Members of the Foundation are those individuals or firms holding units of participation, with each \$100 unit representing one vote. At June 30, 2017, the Foundation had 145 active members, with 11,718 units of participation issued to date. At June 30, 2016, the Foundation had 149 active members, with 10,178.2 units of participation issued to date. Units are permanent contributions to the Foundation and are not redeemable.

**B. Basis of Presentation**

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**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 Foundation 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. If donor-imposed stipulations are met in the same year the restricted contribution is received, the contribution is reported as an unrestricted contribution. The total amount of pledges receivable at June 30, 2017 and 2016 totaled \$34,001 and \$50,553, respectively. These amounts represent the total temporarily restricted net asset at year end.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. The Foundation does not currently have any permanently restricted net assets.

**C. Deposits and Investments**

All bank deposits are held at various financial institutions and are carried at cost. The Foundation's cash deposits are covered by Federal Depository Insurance (FDIC). For purposes of statements of cash flows, the Foundation considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**D. Property and Equipment**

Property and equipment are recorded at cost if purchased or at acquisition value if donated and are depreciated using the straight-line method over the estimated useful lives of the respective assets. Generally, the Foundation capitalizes all asset purchases over \$500 with an estimated useful life greater than two years.

Estimated useful lives are as follows:

Buildings and improvements	40 years
Furniture, fixtures and equipment	7 years

Depreciation expense for 2017 and 2016 was \$5,729 and \$5,839, respectively.



**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
Shawnee, Oklahoma

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017 and 2016

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

**E. Fair Value of Financial Instruments**

The Foundation's financial instruments include cash and cash equivalents, investments, pledges receivable, and accounts payable. The Foundation's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial condition. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820-10, Fair Value Measurements* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the basis of fair measurement are described below:

- Level 1     Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2     Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3     Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation's investments are composed entirely of Certificates of deposit with an initial maturity in excess of three months and are measured at Level 1.

**F. Income Taxes**

The Foundation is exempt from federal and state income taxes as described in Section 501(c)(6) of the Internal Revenue Code. The Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. As a result, no provision for current or deferred income tax liability is recognized in the Foundation's books and records. The Foundation evaluates and accounts for uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*. This standard requires certain disclosures about uncertain income tax positions. When tax returns are filed, it is probable that most tax positions would be sustained upon examination by taxing authorities. However, it is also possible that some positions might be subject to uncertainty. The Foundation evaluates any uncertain tax positions using the provisions of ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Interest and penalties, if any, resulting from any uncertain tax positions required to be recorded by the organization would be presented in other expenses in the statement of activities. The Foundation does not believe that it has engaged in any activity that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Foundation has no open examination with either the Internal Revenue Service or state taxing authorities.

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
Shawnee, Oklahoma

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017 and 2016

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

**G. Compensated Absences**

It is the Foundation's policy to permit the executive director to accumulate earned but unused vacation time. Full-time employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure. Sick leave is not permitted to carry over. The executive director can carry over a maximum of 40 hours of vacation time each year.

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**I. Advertising Costs**

Advertising costs are charged to operations in the period incurred.

**J. Revenue Recognition**

Contract income is recognized as revenue monthly based on the performance of certain activities as specified in the contract with the City.

Federally funded and private grants are recognized as income when the resources are expended or accrued for the purpose specified by the grantor.

Rental income is recognized when earned.

Revenue from unit sales or pledges is recognized when pledged and at fair market value.

**2. UNIT SALES REVENUE AND PLEDGES RECEIVABLE**

The Foundation accounts for pledges for units of participation in accordance with FASB ASC 958-310-50, *Accounting for Contributions Received and Contributions Made*.

2010 Unit Drive – During 2010, the Board approved a unit drive. The purpose of the drive was to raise funds to promote the creation of new industry and business in the Shawnee area and to retain and assist existing industry and business. Businesses, organizations and community leaders were asked to invest in the Foundation by pledging to purchase a specific number of units over a 5-year period. As a result of the 2010 drive, the Foundation received pledges to purchase 560 units at a price of \$100 per unit. Different unit holders re-pledge each year.

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
Shawnee, Oklahoma

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017 and 2016

**2. UNIT SALES REVENUE AND PLEDGES RECEIVABLE (Continued)**

Unconditional promises to give in more than 1 year are reflected at the present value of estimated future cash flows using a discount rate of 3.25%. Net unit pledges receivable and maturities at June 30, 2017 and 2016, were as follows:

<b>As of June 30, 2017</b>	
Gross amounts of unit pledges receivable	\$ 34,550
Less present value discount	<u>(549)</u>
Net unit pledges receivable	<u>\$ 34,001</u>
Amount due in:	
1 year or less	\$ 17,650
2 to 5 years	16,351
Over 5 years	<u>-</u>
Net unit pledges receivable	<u>\$ 34,001</u>

<b>As of June 30, 2016</b>	
Gross amounts of unit pledges receivable	\$ 52,250
Less present value discount	<u>(1,697)</u>
Net unit pledges receivable	<u>\$ 50,553</u>
Amount due in:	
1 year or less	\$ 20,753
2 to 5 years	29,800
Over 5 years	<u>-</u>
Net unit pledges receivable	<u>\$ 50,553</u>

The following is a summary of total unit sales revenue and actual cash received as of June 30, 2017 and 2016:

<b>As of June 30, 2017</b>	
Actual cash received for unit sales by the Foundation	\$ 23,700
Adjustment to record net present value of unit pledges receivable	<u>(549)</u>
Total unit sales revenue, per the financial statements	<u>\$ 23,151</u>

<b>As of June 30, 2016</b>	
Actual cash received for unit sales by the Foundation	\$ 22,758
Adjustment to record net present value of unit pledges receivable	<u>(1,697)</u>
Total unit sales revenue, per the financial statements	<u>\$ 21,061</u>

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
Shawnee, Oklahoma

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2017 and 2016

**3. PROPERTY AND EQUIPMENT**

The following is a summary of changes in property and equipment.

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Land	\$ 206,136	\$ -	\$ -	\$ 206,136
Shell Building - investment	-	1,263,998	-	1,263,998
Construction in Progress	206,013	-	206,013	-
Buildings & improvements	137,399	-	-	137,399
Furniture, fixtures and equipment	47,489	-	-	47,489
Total	<u>597,037</u>	<u>1,263,998</u>	<u>206,013</u>	<u>1,655,022</u>
Less accumulated depreciation	136,363	5,729	-	142,092
Net	<u>\$ 460,674</u>	<u>\$ 1,258,269</u>	<u>\$ 206,013</u>	<u>\$ 1,512,930</u>

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 206,136	-	-	\$ 206,136
Construction in Progress	-	206,013	-	206,013
Buildings & improvements	137,399	-	-	137,399
Furniture, fixtures, and equipment	45,487	2,002	-	47,489
Total	<u>389,022</u>	<u>208,015</u>	<u>-</u>	<u>597,037</u>
Less accumulated depreciation	130,524	5,839	-	136,363
Net	<u>\$ 258,498</u>	<u>\$ 202,176</u>	<u>\$ -</u>	<u>\$ 460,674</u>

**4. NOTE PAYABLE**

On February 17, 2016, the Foundation issued a construction loan payable to BancFirst, in the amount of \$1,300,000, for the construction of a building. As of June 30, 2017, the construction of the building has been completed and \$1,220,331 has been drawn down on the note. Interest is at 3.5% on the note. Principal payments are not due until February 2019, while accrued interest payments are due semi-annually. The note is secured by business assets.

Note Payable:	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2016	Current Portion
BancFirst- Construction	\$ 153,569	\$ 1,066,762	\$ -	\$ 1,220,331	\$ -
Total	<u>\$ 153,569</u>	<u>\$ 1,066,762</u>	<u>\$ -</u>	<u>\$ 1,220,331</u>	<u>\$ -</u>

Note Payable:	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016	Current Portion
BancFirst- Construction	\$ -	\$ 153,569	\$ -	\$ 153,569	\$ -
Total	<u>\$ -</u>	<u>\$ 153,569</u>	<u>\$ -</u>	<u>\$ 153,569</u>	<u>\$ -</u>

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**  
**Shawnee, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

**4. NOTE PAYABLE (Continued)**

Maturities June 30,	Principal	Interest	Total Due
2018	\$ -	\$ 39,212	\$ 39,212
2019	1,120,331	39,212	1,159,543
Total	<u>\$ 1,120,331</u>	<u>\$ 78,423</u>	<u>\$ 1,198,754</u>

**5. RISK MANAGEMENT**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Foundation continues to carry commercial insurance for these risks, including general liability, property damage, and public officials' liability.

Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the Foundation expects such amounts, if any, to be immaterial.

**6. PENSION PLAN**

The Foundation established a SEP pension plan covering all employees. The Foundation contributes 5% of eligible participants' base salary. Participants immediately became eligible of the plan. Contributions to the plan were \$6,975 and \$6,808 for June 30, 2017 and 2016.

**7. RELATED-PARTY TRANSACTIONS**

The Foundation has entered into an annual contract with the City of Shawnee to perform certain economic development services. Under the terms of the contract, the City agreed to pay the Foundation the \$231,000 each year for such services. Annual evaluations of program results are made, and continuation or extension of the contract is subject to mutual approval by the City and the Foundation.

**8. LEASE INCOME**

The Foundation entered into an annual lease agreement with Central Oklahoma Community Action Agency (COCAA) on January 1, 2017, to lease the first floor and office spaces on the second floor of the Foundation's building for COCAA operations. The lease payments are \$2916.67 per month.

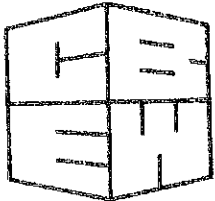
**9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and management has determined that no additional information needs to be added to the financial statements.

**SHAWNEE ECONOMIC DEVELOPMENT FOUNDATION**

**REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

**June 30, 2017**



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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**

July 26, 2017

To the Board of Directors  
Shawnee Economic Development Foundation  
Shawnee, Oklahoma

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 Shawnee Economic Development Foundation (the Foundation), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 26, 2017.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Foundation'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 a 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 the Foundation's financial statements are free from 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*.

Shawnee Economic Development Foundation  
July 26, 2017

***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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***CBEW Professional Group, LLP***

CBEW Professional Group, LLP  
Certified Public Accountants