

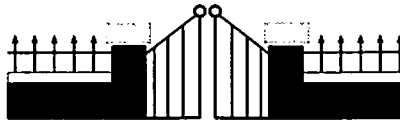
AUDITED FINANCIAL STATEMENTS
SOUTHERN INDEPENDENT BOOKSELLERS ALLIANCE
December 31, 2016

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December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Southern Independent Booksellers Alliance

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Southern Independent Booksellers Alliance (a nonprofit organization) ("SIBA"), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2016 and 2015, and the related statements of support, revenue, and expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 assets, liabilities, and net assets of SIBA as of December 31, 2016 and 2015, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting described in Note A.

BASIS OF ACCOUNTING

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

The Holla Group, P.A.

Columbia, South Carolina
March 3, 2017

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
SOUTHERN INDEPENDENT BOOKSELLERS ALLIANCE

	December 31,	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 146,791	\$ 129,858
Total Current Assets	<u>146,791</u>	<u>129,858</u>
Noncurrent Assets		
Property and equipment, net	0	0
TOTAL ASSETS	<u>\$ 146,791</u>	<u>\$ 129,858</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued liabilities	\$ 22,789	\$ 7,800
Total Current Liabilities	<u>22,789</u>	<u>7,800</u>
Net Assets		
Unrestricted - undesignated	7,997	15,451
Unrestricted - designated	116,005	106,607
Total Net Assets	<u>124,002</u>	<u>122,058</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 146,791</u>	<u>\$ 129,858</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
SOUTHERN INDEPENDENT BOOKSELLERS ALLIANCE

	For the Years Ended December 31,	
	2016	2015
SUPPORT AND REVENUE		
Trade show	\$ 122,418	\$ 110,831
Catalogs	89,062	82,357
Advertising	243,446	219,274
Dues	29,795	37,154
Contributions and sponsors	0	25
Miscellaneous	67	61
Total Support and Revenue	484,788	449,702
EXPENSES		
Trade show	115,168	109,439
Salaries and wages	94,181	92,196
Office support and marketing	16,817	48,847
Website	143,504	94,834
Retirement	23,545	22,424
Board meetings and monitoring	31,912	24,636
Training	14,183	4,510
Payroll tax	7,239	7,053
Telephone	1,405	0
Audit fees	5,500	5,500
Office supplies	1,897	1,776
Education	5,380	5,991
Book awards and sponsorships	0	4,999
Bank service charges	6,099	6,232
Computer support and equipment	100	352
Insurance	2,010	2,712
Legal and accounting	2,900	4,819
Postage and printing	9,298	2,160
Regionals	1,706	5,839
Depreciation	0	475
Total Expenses	482,844	444,794
CHANGE IN NET ASSETS	1,944	4,908
Net assets at beginning of year	122,058	117,150
NET ASSETS AT END OF YEAR	\$ 124,002	\$ 122,058

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
SOUTHERN INDEPENDENT BOOKSELLERS ALLIANCE
December 31, 2016

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Southern Independent Booksellers Alliance ("SIBA") is a trade association which represents over 200 bookstores and thousands of booksellers in Florida, South Carolina, North Carolina, Georgia, Louisiana, Alabama, Arkansas, Tennessee, Kentucky, Virginia, and Mississippi. SIBA exists to empower, promote, and celebrate core member bookstores in a spirit of partnership.

Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of SIBA have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis differs from generally accepted accounting principles because certain revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting relate to recording depreciation on property and equipment and recording payroll tax liabilities.

Basis of Presentation: SIBA prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Financial Statements for Not-for-Profit Organizations. Under ASC 958, SIBA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. These categories are defined as follows:

Unrestricted Net Assets: net assets that are not subject to donor-imposed stipulations, and therefore are expendable for operating purposes. Unrestricted net assets are split into designated and undesignated, defined as follows:

Undesignated – The amount available to be expended on the various programs and administration of SIBA.

Designated – Unrestricted funds that have been set aside by the Board of Directors in the event of an emergency.

Temporarily Restricted Net Assets: net assets that are subject to donor-imposed stipulations, which are met by either actions of SIBA and/or the passage of time. When a donor-imposed restriction is met, that is, when the 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 support, revenue, and expenses – modified cash basis as net assets released from restrictions. There are no temporarily restricted net assets as of December 31, 2016 and 2015.

Permanently Restricted Net Assets: net assets resulting from contributions and other inflows of assets whose use by SIBA is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise be removed by actions of SIBA. There are no permanently restricted net assets as of December 31, 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS
SOUTHERN INDEPENDENT BOOKSELLERS ALLIANCE

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
– Continued

Use of Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, 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. Actual results could differ from those estimates.

Cash and Cash Equivalents: SIBA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. SIBA maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016 and 2015, SIBA did not exceed the amount insured by the Federal Deposit Insurance Corporation.

Property and Equipment: Property and equipment are recorded at historical cost. Donated property is valued at fair market value at the date of the donation. Depreciation is calculated on a straight-line method over estimated asset lives of 3, 5, and 7 years. Property and equipment that cost less than \$1,000 are expensed.

Income Taxes: SIBA has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under Section 501(c) (6) of the Internal Revenue Code and is subject to federal income tax only on unrelated business income. Management is not aware of any transactions which would jeopardize their tax-exempt status.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by SIBA and to recognize a tax liability (or asset) if SIBA has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by SIBA and has concluded that as of December 31, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. SIBA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for fiscal years prior to 2013. U.S. state jurisdictions have statutes of limitations that generally range from three to five years. Currently no audits for any tax periods are in progress.

Contributed Services: During the years ended December 31, 2016 and 2015, the value of contributed services that meet the requirements for recognition in the financial statements was not material, therefore has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist SIBA, but these services do not meet the criteria for recognition as contributed services.

Reclassifications: The amounts shown for 2015 in the accompanying financial statements are included to provide a basis for comparison with 2016. Certain amounts have been reclassified to facilitate comparisons with the current year. These reclassifications have no impact on net assets as previously reported.

Subsequent Events: Subsequent events have been evaluated through March 3, 2017, which represents the date the financial statements were available to be issued.

NOTES TO THE FINANCIAL STATEMENTS
 SOUTHERN INDEPENDENT BOOKSELLERS ALLIANCE

NOTE B -- PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2016	2015
Equipment	\$ 2,604	\$ 2,604
Less accumulated depreciation	(2,604)	(2,604)
PROPERTY AND EQUIPMENT, NET	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation expense for the years ended December 31, 2016 and 2015, was \$0 and \$475, respectively.

NOTE C -- RETIREMENT EXPENSE

The Executive Director, sole employee, participates in SIBA's retirement plan. The plan consists of a Simplified Employee Pension IRA purchased through Prudential Investments. SIBA contributed twenty-five percent of the employee's annual compensation for 2016 and 2015. SIBA's contribution for the years ended December 31, 2016 and 2015, was \$23,545 and \$22,424, respectively.