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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 21, 2010

Board of Directors
Clinton County Chamber
of Commerce, Inc.
259 E. Clinton St.
Frankfort, IN 46041

We have reviewed the audit report prepared by Girardot, Strauch & Co., Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Clinton County Chamber of Commerce, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**CLINTON COUNTY
CHAMBER OF COMMERCE, INC.**

FINANCIAL STATEMENTS

**As of and For the Year Ended
December 31, 2007**

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Girardot, Strauch & Co.

A PROFESSIONAL CORPORATION

Certified Public Accountants

Michael A. Strauch, CPA, CFE, CVA, ABV, CFF
William L. Lapcheska, CPA
Dennis G. Mellon, CPA
Richard L. Bartholomew, CPA, JD
Daniel Z. Blomeke, CPA
Lorita K. Bill, CPA
Michelle M. Withers, CPA
Diana Lanman, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Clinton County Chamber of Commerce, Inc.
Frankfort, Indiana

We have audited the accompanying statement of financial position of Clinton County Chamber of Commerce, Inc. (an Indiana nonprofit corporation) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clinton County Chamber of Commerce, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Girardot, Strauch & Co.

Lafayette, Indiana
January 15, 2009

CLINTON COUNTY
CHAMBER OF COMMERCE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2007

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 124,307
Certificates of deposit	131,013
Receivables	15,157
Gift certificates	1,310
Prepaid expenses	6,198
Total Current Assets	<u>277,985</u>
 PROPERTY AND EQUIPMENT	
Leasehold improvements	49,810
Office equipment	36,395
	<u>86,205</u>
Less accumulated depreciation	(42,808)
Total Property and Equipment	<u>43,397</u>
 OTHER ASSETS	
Investments	<u>51,017</u>
	<u><u>\$ 372,399</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 12,687
Accrued and withheld payroll taxes	3,310
Deferred dues	8,564
Total Current Liabilities	<u>24,561</u>
 LONG-TERM LIABILITY	
Funds held for Frankfort Enterprise Zone	59,910
 NET ASSETS	
Unrestricted	213,608
Temporarily restricted	74,320
Total Net Assets	<u>287,928</u>
	<u><u>\$ 372,399</u></u>

See Accompanying Notes to Financial Statements

CLINTON COUNTY
CHAMBER OF COMMERCE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

UNRESTRICTED NET ASSETS		
REVENUE AND GRANTS		
Membership dues	\$ 112,543	43 %
Program income	24,009	9
Management fee	<u>69,000</u>	<u>26</u>
Total Revenue and Grants	205,552	78
OTHER REVENUE		
Investment income	6,529	2
Tuition	8,145	3
Other income	<u>3,125</u>	<u>1</u>
Total Other Revenue	17,799	6
Released from restriction	<u>42,159</u>	<u>16</u>
Total Revenue	265,510	100
EXPENSES		
Payroll and benefits	173,359	66
Office expenses	25,632	10
Travel, training and auto	6,328	2
Marketing and business development	4,855	2
Programs	19,222	7
Grant expenditures	42,159	16
Other expenses	<u>8,664</u>	<u>3</u>
Total Expenses	<u>280,219</u>	<u>106</u>
DECREASE IN UNRESTRICTED NET ASSETS	(14,709)	<u>(6) %</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions and grants	116,479	
Net assets released from restriction	<u>(42,159)</u>	
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>74,320</u>	
INCREASE IN NET ASSETS	59,611	
BEGINNING NET ASSETS	<u>228,317</u>	
ENDING NET ASSETS	\$ <u>287,928</u>	

See Accompanying Notes to Financial Statements

CLINTON COUNTY
CHAMBER OF COMMERCE, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contributions and grants	\$ 116,479
Cash received from membership dues	74,108
Cash received from programs	24,009
Cash received from management fees	69,000
Cash received from other sources	22,027
Cash received from interest	3,761
Cash paid to vendors and employees	<u>(298,016)</u>
 Net Cash Provided by Operating Activities	 11,368
CASH FLOWS FROM INVESTING ACTIVITIES	
Maturity of certificate of deposits	52,199
Investment in mutual fund	(54,000)
Purchase of property and equipment	<u>(1,987)</u>
 Net Cash Used by Investing Activities	 <u>(3,788)</u>
 INCREASE IN CASH AND CASH EQUIVALENTS	 7,580
BEGINNING CASH AND CASH EQUIVALENTS	<u>116,727</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 124,307</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
INCREASE IN NET ASSETS	\$ 59,611
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Reinvested interest and dividends	(8,674)
Unrealized loss on investments	5,906
Depreciation	3,782
Donation of equipment	1,545
 (INCREASE) DECREASE IN ASSETS	
Receivables	10,757
Gift certificates	(890)
Prepaid expenses	(5,123)
 INCREASE (DECREASE) IN LIABILITIES	
Accounts payable	1,163
Accrued and withheld payroll taxes	(639)
Deferred dues	(38,435)
Funds held for Frankfort Enterprise Zone	(17,635)
TOTAL ADJUSTMENTS	<u>(48,243)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 11,368</u>

See Accompanying Notes to Financial Statements

CLINTON COUNTY
CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NATURE OF OPERATIONS

Clinton County Chamber of Commerce, Inc. is a voluntary organization of businesses and professional men and women who have joined together for the purpose of promoting the civic and commercial progress of the community. The two primary functions of the Chamber of Commerce are to act as a spokesperson for the business and professional community and translate into action the group thinking of its members and to render specific services of a type that can be most effectively rendered by a community organization both to its members and to the community as a whole.

ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization 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. In addition, the organization is required to present a statement of cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and money funds with original maturity dates of three months or less.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. The account consists of expenses incurred by the Partners in Progress program that are reimbursed monthly by Clinton County. Finance charges are not assessed on outstanding balances.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to operations in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using the straight line method. Assets are being depreciated over the following lives:

Leasehold improvements	12-40 years
Office equipment	5 -12 years

Depreciation expense for the year ended December 31, 2007 was \$3,782.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CLINTON COUNTY
CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Advertising

The organization expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2007 were \$10,402.

Income Tax Status

Clinton County Chamber of Commerce, Inc. is a nonprofit corporation exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code.

CERTIFICATES OF DEPOSIT

Certificates of deposit consist of the following at December 31, 2007:

<u>Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
4.85%	11/03/08	\$ 54,381
4.60%	03/27/08	52,929
5.00%	05/18/08	<u>23,703</u>
Total		<u>\$131,013</u>

INVESTMENTS

Investments consisted of the following at December 31, 2007:

<u>Shares</u>	<u>Description</u>	<u>Cost Basis</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
599.904	American Mutual Fund	\$ 18,828	\$ 16,972	\$ (1,856)
271.492	Capital Income Builder Fund	20,095	16,986	(3,109)
382.413	Capital World Growth & Incom	18,000	17,059	(941)
Totals		<u>\$ 56,923</u>	<u>\$ 51,017</u>	<u>\$ (5,906)</u>

Investment income for the year ended December 31, 2007 consisted of the following:

Unrealized Depreciation	\$ (5,906)
Interest	9,254
Dividends	647
Capital Gain Distributions	<u>2,534</u>
Total Investment Income	<u>\$ 6,529</u>

CLINTON COUNTY
CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

FRANKFORT ENTERPRISE ZONE

The Enterprise Zone liability is primarily comprised of funds that were received from businesses that took the enterprise zone credit before the elimination of the inventory tax. No formal organization was ever formed in Clinton County to receive that money so the Chamber was appointed to hold the money for future use in the Frankfort Enterprise Zone. There is a board that makes the decisions on how the funds are spent. The Chamber has no variance power or right to expend the funds without approval.

GRANT / RESTRICTIONS ON NET ASSETS

Clinton County Chamber of Commerce, Inc. was awarded a \$150,000 grant by the Indiana Office of Community and Rural Affairs. The purpose of the grant was to hire a Small Business Development Director to work with local business owners to assist in all facets of small business development and to develop a Farmer's Market to begin in 2007. The grant includes a matching requirement of \$30,000.

The following is the activity that occurred related to the grant during 2007:

Grant Funds Received	
State Grant Funds Received	\$ 97,500
Matching Grant Funds Received	18,979
Total Grant Funds Received	116,479
 Grant Expenditures	
Personnel and benefits	10,365
Contract services	10,000
Supplies and materials	6,360
Marketing and advertising	10,402
Translation fees and services	5,032
Total Grant Expenditures	42,159
Temporarily Restricted Net Assets	\$ 74,320

The grant funds received must be used for the expenses as outlined in the grant. The excess of the funds received over the grant expenditures at December 31, 2007 are presented as temporarily restricted net assets.

PARTNERS IN PROGRESS

In November 2006, the Chamber entered into an agreement with the Clinton County Partners in Progress (PIP) with the purpose of coordinating the economic development efforts of the City of Frankfort, Clinton County and the Clinton County Chamber of Commerce. The Chamber has agreed to provide economic development services to the PIP in exchange for a management fee of \$69,000 a year. The agreement is renewed each year unless either party notifies the other before December 1st of their intent to end the agreement.

**CLINTON COUNTY
CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

LEASES

The organization leases its facility under a three year operating lease that commenced on September 1, 2007. The lease agreement required monthly payments of \$1,250 through August 2010. The lease has a provision for increases in the monthly rent starting in year two equal to increases in taxes, utilities and insurance over the base year amount. The lease has a two year renewal option with an increased base rent amount of \$1,300. In accordance with an agreement with Clinton County, half of the rent is allocated to Partners in Progress (PIP) and is reimbursed by the county. Total rent expense for the year ended December 31, 2007 for Clinton County Chamber of Commerce, Inc. was \$6,400.

The organization has an operating lease for a copier that expires July 2012 and requires minimum quarterly payments of \$334. The agreement provides for additional charges for excess copies made based upon a fixed fee per copy. Total lease expense under this agreement for the year ended December 31, 2007 was \$1,003.

Future minimum lease payments for the next five years are as follows:

Year	Minimum Lease Payment	Paid By PIP	Net Minimum Lease Payment
2008	\$ 16,336	\$ (7,500)	\$ 8,836
2009	16,336	(7,500)	8,836
2010	16,336	(7,500)	8,836
2011	16,936	(7,800)	9,136
2012	<u>16,268</u>	<u>(7,800)</u>	<u>8,468</u>
Totals	<u>\$82,212</u>	<u>\$(38,100)</u>	<u>\$44,112</u>

PENSION

The organization sponsors a retirement plan for all full time employees age 21 or over and with one year of service. The organization contributes 4% of annual salaries plus an additional 1% as a match. Retirement plan contributions totaled \$4,867 during the year ended December 31, 2007.

RELATED PARTY TRANSACTIONS

Certain board members of the Clinton County Chamber of Commerce, Inc. provide banking and investment services to the organization. The organization has bank and savings accounts, certificates of deposit and investment accounts with certain banks and investment brokers who employ these board members.

Clinton County Chamber of Commerce, Inc. conducts business with various board members who operate and own businesses in Clinton County. None of the transactions with the board members were material.

During 2007, the husband of the chief executive officer of the Clinton County Chamber of Commerce was hired to be the Farmer's Market Manager and was paid \$10,000 for the service.

**CLINTON COUNTY
CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

CONCENTRATION OF CREDIT RISK

Membership dues are received from businesses and individuals located in Clinton County.

The organization maintains cash balances in local banks. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. From time to time cash balances exceed federally insured limits.

NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year ended December 31, 2007, the organization donated fixed assets with a book value of \$1,545 to a local not for profit.