



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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February 3, 2010

Board of Directors  
Lawrenceburg Main Street, Inc.  
70 E. High St., Ste. 101  
Lawrenceburg, IN 47025

We have reviewed the audit report prepared by Stephanie M. Bauer, CPA, Inc., Independent Public Accountant, 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 Lawrenceburg Main Street, 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.

We call your attention to the findings in the report. The management letter contains eleven comments.

STATE BOARD OF ACCOUNTS

**LAWRENCEBURG MAIN STREET, INC.**  
**FINANCIAL STATEMENTS**  
**WITH REPORT OF INDEPENDENT AUDITOR**  
**YEAR ENDED DECEMBER 31, 2007**

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REPORT OF INDEPENDENT AUDITOR

To the Board of Directors  
Lawrenceburg Main Street, Inc.  
Lawrenceburg, Indiana

I have audited the accompanying statements of financial position of Lawrenceburg Main Street, Inc. (a non-profit corporation) as of December 31, 2007, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. 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 and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lawrenceburg Main Street, Inc. at December 31, 2007, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 19, 2008 on my consideration of the Organization's internal control over financial reporting and on my 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 my 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* and should be considered in assessing the results of my audit.

Stephanie M. Bauer  
Certified Public Accountant

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*Stephanie M. Bauer*

Stephanie M. Bauer, CPA, Inc.  
Batesville, IN  
November 19, 2008

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Lawrenceburg Main Street, Inc.  
Statement of Financial Position  
Year Ended December 31, 2007

ASSETS

Current Assets	
Cash and equivalents	\$ 882,512
Total Current Assets	<u>882,512</u>
Equipment	
Equipment	4,969
Less accumulated depreciation	<u>(3,270)</u>
Net Equipment	<u>1,699</u>
 TOTAL ASSETS	 <u>\$ 884,211</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 10,364
Total Current Liabilities	<u>10,364</u>
Net Assets	
Unrestricted net assets	843,506
Temporarily restricted net assets – Note 5	<u>30,341</u>
Total Net Assets	<u>873,847</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 884,211</u>

See auditor's report and notes to financial statements.

Lawrenceburg Main Street, Inc.  
Statement of Activities and Changes in Net Assets  
December 31, 2007

UNRESTRICTED NET ASSETS

Revenues and Support	
Contributions	\$ 1,500
Net assets released from restrictions:	
Dearborn County Community Foundation	19,617
Other	5,000
Government grants	285,000
Investment income	24,134
Miscellaneous income	<u>6,889</u>
Total Revenue and Support	<u>342,140</u>
 Program Service Expenses	
Promote and Preserve the City	126,837
Winter Wonderland	<u>24,617</u>
Total Program Service Expenses	151,454
 Management and Administrative Expenses	<u>99,345</u>
 Total Expenses	<u>250,799</u>
 Increase in Unrestricted Net Assets	<u>91,341</u>

TEMPORARILY RESTRICTED NET ASSETS

Contributions	39,203
Net Assets Released from Restrictions	<u>(24,617)</u>
Increase in Temporarily Restricted Net Assets	<u>14,586</u>
 Increase (Decrease) in Net Assets	105,927
 Net Assets – Beginning of Year	<u>767,920</u>
 Net Assets – End of Year	<u>\$ 873,847</u>

See auditor's report and notes to financial statements.

Lawrenceburg Main Street, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2007

	<u>Promote &amp; Preserve the City</u>	<u>Winter Wonderland</u>	<u>Management &amp; Admin.</u>	<u>Total</u>
Expenses				
Subcontractors	\$ -	\$ -	\$ 56,920	\$ 56,920
Supplies and Expense	47,996	-	8,098	56,094
Donated services	1,500	-	-	1,500
Legal and professional	-	289	5,317	5,606
Awning & Signs	19,226	-	-	19,226
Printing	-	-	1,709	1,709
Education and travel	-	-	3,789	3,789
Insurance	-	-	988	988
Office rent	-	-	6,000	6,000
Utilities and telephone	-	763	5,613	6,376
Depreciation	-	-	961	961
Security	-	7,025	-	7,025
Decorating and Lighting	334	3,468	-	3,802
Event Entertainment	41,571	9,713	4,500	55,784
Advertising	16,210	2,530	3,107	21,847
Sundry	-	829	2,343	3,172
Total Expenses	<u>\$ 126,837</u>	<u>\$ 24,617</u>	<u>\$ 99,345</u>	<u>\$ 250,799</u>

See auditor's report and notes to financial statements.

Lawrenceburg Main Street, Inc.  
Statement of Cash Flows  
Year Ended December 31, 2007

Cash flows from operating activities	
Increase in net assets	<u>\$ 105,927</u>
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	
Depreciation	961
Increase (decrease) in accounts payable	<u>(1,854)</u>
Total adjustments	<u>(893)</u>
Net cash provided (used) by operating activities	<u>105,034</u>
Cash flows from investing activities:	
Cash payments for the purchase of equipment	<u>(864)</u>
Net cash provided (used) by investing activities	<u>(864)</u>
Net increase (decrease) in cash and equivalents	104,170
Cash and equivalents, beginning of year	<u>778,342</u>
Cash and equivalents, end of year	<u>\$ 882,512</u>

See auditor's report and notes to financial statements.

Lawrenceburg Main Street, Inc.  
Statement of Cash Flows  
Year Ended December 31, 2007

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature and Organization of Business

Lawrenceburg Main Street, Inc. (the Organization) was organized on April 11, 2003 as a not-for-profit corporation for the purpose of engaging in programs and activities benefiting primarily the City of Lawrenceburg, including, but not limited to, programs and activities to combat community deterioration and/or juvenile delinquency within the city of Lawrenceburg, to educate the public, to lessen the burden on local government, namely the City of Lawrenceburg, to offer relief to the poor or the underprivileged and to promote social welfare within the City of Lawrenceburg. The Organization is financially supported, predominately, by the City of Lawrenceburg.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires, among other things, that the financial statements report the changes in and total of each net asset class, based upon donor restrictions, as applicable. The three possible classes are unrestricted, temporarily restricted, and permanently restricted.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Lawrenceburg Main Street, Inc.  
Statement of Cash Flows  
Year Ended December 31, 2007

Cash and Equivalents

For the purposes of the statement of cash flows, the Organization considers investments with a maturity date of 90 days or less to be cash equivalents.

Equipment

Equipment is stated at cost or fair market value at the date of acquisition or donation. Depreciation is computed on a straight-line basis over the estimated useful life of five years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation expense for the year ending December 31, 2007 was \$961.

Recognition of Donor Restricted Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the restriction expires, the temporarily restricted assets are then reclassified to unrestricted net assets.

Contributed Services

Contributed services and materials are recorded at the estimated fair value on the date of donation with an offsetting charge to expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, all costs have been allocated to program services.

Lawrenceburg Main Street, Inc.  
Statement of Cash Flows  
Year Ended December 31, 2007

**NOTE B - RELATED PARTY TRANSACTIONS**

The Organization rents office space from a Board Member. The approximate 950 square foot space is being rented under terms normal in the course of ordinary business. Details of the lease agreement are explained in the next note.

The Organization provides funds to area businesses for a variety of esthetic purposes, one of which is to adhere to restrictions on signage used by businesses to advertise. The Organization contracts with a business which is owned by a Board Member to provide window signs and lettering. Total amounts paid to the vendor for services rendered in 2007 were \$6,104.

**NOTE C - OPERATING LEASE**

The Organization leases office space through an operating lease, which expires on February 28, 2009. Rent expense under the lease for the year ended December 31, 2007 was \$6,000. Future minimum lease payments, under the lease totals \$900. It is highly probable the space will be leased again, at the current rate of \$450 a month. The lease is renewable in February 2009.

**NOTE D - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets result from (a) the contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or are fulfilled and removed by actions of the Organization; (b) other enhancements and diminishments subject to the same kinds of stipulations; (c) reclassifications to or from other classes of net assets as a consequence of donor-imposed stipulations, and their expiration by passage of time, or their fulfillment and removal by actions of the Organization and (d) assets whose use is restricted by the Organization's Board of Directors.

Temporarily restricted net assets are available for the following purposes or periods:

Periods after January 1, 2008 – Winter Wonderland	\$ 30,341
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During 2007, funds of \$24,617 were reclassified to unrestricted net assets as time and purpose restrictions imposed on those funds were met.

Lawrenceburg Main Street, Inc.  
Statement of Cash Flows  
Year Ended December 31, 2007

**NOTE E - CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash and investments at four financial institutions. Of the amounts on deposit with these institutions, \$52,315, are uninsured as of December 31, 2007. All government funds received by the Organization are held in FDIC or SPIC insured accounts in accordance with federal regulations.

**NOTE F - PROGRAM SERVICES**

To Promote and Preserve the City

The Organization provides monetary support to add to the aesthetics of the City of Lawrenceburg and to combat community deterioration. The Organization also grants low interest loans to attract new businesses to the area.

Winter Wonderland

The Organization organizes a festive display to attract consumers to local businesses, to combat community deterioration and to promote social welfare.

**LAWRENCEBURG MAIN STREET, INC.**

**SUPPLEMENTAL REPORTS**

**YEAR ENDED DECEMBER 31, 2007**

**LAWRENCEBURG MAIN STREET, INC.**  
**SUPPLEMENTAL REPORTS**  
**YEAR ENDED DECEMBER 31, 2007**

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	1
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	3
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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

To the Board of Directors of  
Lawrenceburg Main Street, Inc.  
Lawrenceburg, Indiana

I have audited the financial statements of Lawrenceburg Main Street, Inc. (the Organization), a non-profit organization, as of and for the year ended December 31, 2007, and have issued my report thereon dated November 19, 2008. I conducted the audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Organization's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statement that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

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To the Board of Directors  
November 19, 2008

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of Lawrenceburg Main Street, Inc. in a separate letter dated November 19, 2008.

This report is intended solely for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the these specified parties. However, this report is a matter of public record and its distribution is not limited.



Stephanie M. Bauer, CPA  
Batesville, Indiana

November 19, 2008



REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of  
Lawrenceburg Main Street, Inc.  
Lawrenceburg, Indiana

Compliance

I have audited the compliance of Lawrenceburg Main Street, Inc. (the Organization), a non-profit organization, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2007. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. My responsibility is to express an opinion on the Organization's compliance based on the audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Organization's compliance with those requirements.

In my opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Stephanie M. Bauer  
Certified Public Accountant

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To the Board of Directors  
November 19, 2008

### Internal Control over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency exists in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

The Organization's written response to the items identified in my audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

This report is intended solely for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the these specified parties. However, this report is a matter of public record and its distribution is not limited.

To the Board of Directors  
November 19, 2008

Schedule of Expenditures of Federal Awards

I have audited the basic financial statements of the Organization as of and for the year ended December 31, 2007, and have issued my report thereon dated November 19, 2008. My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Stephanie M. Bauer*

Stephanie M. Bauer, CPA  
Batesville, Indiana

November 19, 2008

**LAWRENCEBURG MAIN STREET, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/Pass-Through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	Organization or Pass- through <u>Number</u>	Federal <u>Expenditures</u>
Dearborn County Community Foundation	Not available	Not available	<u>\$ 24,617</u>
Total Federal Expenditures in 2007			<u>\$ 24,617</u>

**LAWRENCEBURG MAIN STREET, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2007**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Lawrenceburg Main Street, Inc.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Lawrenceburg Main Street, Inc. were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal awards program.
5. The auditors' report on compliance for the major federal award programs for Lawrenceburg Main Street, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal awards program.
7. The program tested as a major program was:  

N/A – no major programs
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Lawrenceburg Main Street, Inc. does not qualify as a low-risk auditee only because annual audits have not been performed.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT**

None.

**LAWRENCEBURG MAIN STREET, INC.**

**FINDINGS LETTER**

**WITH EXHIBITS**

**YEAR ENDED DECEMBER 31, 2007**



November 19, 2008

To the Board of Directors  
Lawrenceburg Main Street, Inc.  
Lawrenceburg, Indiana

In planning and performing the audit of the financial statements of Lawrenceburg Main Street, Inc. (LMS) for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statement that is more than inconsequential will not be prevented or detected by the Organization's internal control.

Stephanie M. Bauer  
Certified Public Accountant

Combination of Financial Records

- ❖ The financial activity of LMS and LMA/Winter Wonderland are maintained in two separate electronic company files, as if one is a separate entity from the other. This approach is not standard business practice. I recommend maintaining records of both LMS and LMA/Winter Wonderland on the same electronic company file. Separation of program expenses can be acquired by using headers.

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To the Board of Directors  
Lawrenceburg Main Street, Inc.  
November 19, 2008  
Page 2

### Lost Records

- ❖ Since records were lost in the fire, I was unable to examine the following: invoices for expenses and business applications for improvements. LMS, Inc. might consider scanning and storing electronically, source documents such as those lost in the fire, using an off-site data storage company.

### Journal Entries

- ❖ To assist with the audit trail, I recommend entering a description identifying why a journal entry is being made to the records of the Organization.

### Year End

- ❖ I noted that the month signifying the company year end for LMA/Winter Wonderland electronic data file was set for August. I recommend changing the year end to coincide with the records of LMS, which is December.

During the audit I also became aware of the following matters I believe require changes in procedures to strengthen internal controls and operating efficiency but aren't considered, in my opinion, to be significant deficiencies. The matters are as follows:

### Minutes

- ❖ The 2007 Board Minutes received were not signed copies. I understand signed copies were lost in the fire. If available, signed copies should be reconstructed from Board Members. If signed copies are not available, the current Board should review the unsigned copies of 2007 Meeting Minutes and either sign them or accept them by signing the current Board Minutes indicating acceptance.
- ❖ The April Board Minutes were not presented. It was noted in the May 23<sup>rd</sup> Minutes that the prior month's report (April) was not available.
- ❖ There is no reference, in subsequent Board Minutes, to approving the March 21<sup>st</sup> Minutes. They would normally be approved during the April Meeting, but those Minutes were not available.
- ❖ There is no reference, in subsequent Board Minutes, to approving the September 19<sup>th</sup> Board Minutes.
- ❖ No October Board Minutes were presented. It is thought that the Board did not meet in October.
- ❖ The November Board Minutes, (approved in the December Minutes) were not available.

To the Board of Directors  
Lawrenceburg Main Street, Inc.  
November 19, 2008  
Page 3

### Incompatible Financial Records

- ❖ The following discrepancies exist between the amounts listed on the Federal Form 990 and the preliminary financials prepared by the bookkeeper. Amounts between the two reports need to be reconciled.

	<u>Financials</u>	<u>Federal return</u>	<u>Difference</u>
Cash	\$ 882,512	\$ 743,353	\$ 139,159
Accts Rec	0	9,983	(9,983)
Fixed			
Assets	4,104	21,373	(17,269)
Payables	6,554	1,873	4,681
Net Assets	880,062	772,836	107,226

Fixed assets listed on the tax return include \$39,118 (net \$15,622) worth of awnings and signs that were purchased for businesses awarded the funds.

### Fixed Asset Capitalization Policy

- ❖ To ease recordkeeping burden, I recommend the Organization establish a capitalization policy for fixed assets. Equipment purchases under the established limit would be expensed rather than maintained on a depreciation schedule. **See Exhibit 1.**

### Classification of Expenses

- ❖ I noted that all expenses of the Organization are classified as attributed to “program services” on the Federal Form 990. It is unusual that at least some portion of certain expenses is not classified as being attributed to the “management and general” category of expenses. Examples of expenses that typically, but not necessarily always, are attributed to both categories would be telephone, accounting fees, supplies, utilities and rent. I recommend the Board review expenses in each category for classification.

### Employee versus Subcontractor

- ❖ The Board should review annually, the Internal Revenue Service’s definition of both employee and subcontractor. Incorrect classification can result the Organization being liable for the employment taxes for that worker. Penalties and interest may also be assessed. **See Exhibit 2.**

To the Board of Directors  
Lawrenceburg Main Street, Inc.  
November 19, 2008  
Page 4

#### Governance

- ❖ All Board Members, directors, volunteers and employees should annually agree to adhere to the Organization's conflict of interest policy, whistleblower policy and code of conduct policy (sometimes combined with conflict of interest policy). Copies of each signed policy should be kept on file. *See Exhibits 3, 4, 5 & 6.*
- ❖ The Organization should consider adopting a recordkeeping retention schedule to comply with new regulations set forth by the Internal Revenue Service.

#### Bonding

- ❖ All Board Members in a position of trust should be adequately bonded in accordance with applicable legal requirements.

If you have any questions in relation to these matters, please call.

Sincerely,



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Stephanie M. Bauer, CPA

Fixed Asset Capitalization Policy

Fixed asset purchases shall be made after obtaining comparative bids for similar items and presenting before the Board of Directors for review; unless the Board provides a budget amount and gives management discretion to purchase needed items.

All fixed asset purchases shall be listed in the Board Minutes, listing the amount, date of purchase and a description of the asset.

Copies of invoices shall be kept with each asset's depreciation schedule.

Fully depreciated assets remain on the books. Assets will be removed from the records only if they are obsolete, damaged, sold or retired.

Fixed assets equal to or exceeding \$ \_\_\_\_\_ are to be capitalized and depreciated over the term set forth below.

Terms for depreciating fixed assets:

Computers, computer software, fax machines copiers,	3 - 5 years
Desks, chairs, office furniture	7 years
Improvements to property, major renovation	10 - 15 years

This policy was approved by the Board of Directors \_\_\_\_\_

Date of adoption \_\_\_\_\_

**Lawrenceburg Main Street, Inc.**  
**Subcontractor vs Employee**  
**Page 1**

### **Employee (Common-Law Employee)**

Under common-law rules, anyone who performs services for you is your employee ***if you can control what will be done and how it will be done***. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed.

**Example:** Donna Lee is a salesperson employed on a full-time basis by Bob Blue, an auto dealer. She works 6 days a week, and is on duty in Bob's showroom on certain assigned days and times. She appraises trade-ins, but her appraisals are subject to the sales manager's approval. Lists of prospective customers belong to the dealer. She has to develop leads and report results to the sales manager. Because of her experience, she requires only minimal assistance in closing and financing sales and in other phases of her work. She is paid a commission and is eligible for prizes and bonuses offered by Bob. Bob also pays the cost of health insurance and group-term life insurance for Donna. Donna is an ***employee*** of Bob Blue.

### **Independent Contractor**

People such as lawyers, contractors, subcontractors and auctioneers who follow an independent trade, business, or profession in which they offer their services to the public, are generally not employees. However, whether such people are employees or independent contractors depends on the facts in each case.

The general rule is that an individual is an independent contractor if you, the person for whom the services are performed, have the *right to control or direct only the result of the work and not the means and methods of accomplishing the result*.

**Example:** Vera Elm, an electrician, submitted a job estimate to a housing complex for electrical work at \$16 per hour for 400 hours. She is to receive \$1,280 every 2 weeks for the next 10 weeks. This is not considered payment by the hour. Even if she works more or less than 400 hours to complete the work, Vera Elm will receive \$6,400. She also performs additional electrical installations under contracts with other companies that she obtained through advertisements. Vera is an *independent contractor*.

### **Statutory Employees**

If workers are independent contractors under the common law rules, such workers may nevertheless be treated as employees by statute (statutory employees) for certain employment tax purposes if they fall within any one of the following four categories and meet the three conditions described under Social Security and Medicare taxes, below.

- A driver who distributes beverages (other than milk) or meat, vegetable, fruit, or bakery products; or who picks up and delivers laundry or dry cleaning, if the driver is your agent or is paid on commission.
- A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company.

**Lawrenceburg Main Street, Inc.  
Subcontractor vs Employee  
Page 2**

- An individual who works at home on materials or goods that you supply and that must be returned to you or to a person you name, if you also furnish specifications for the work to be done.
- A full-time traveling or city salesperson who works on your behalf and turns in orders to you from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed for you must be the salesperson's principal business activity.

**Social Security and Medicare Taxes for Statutory Employees**

Withhold Social Security and Medicare taxes from the wages of statutory employees if all three of the following conditions apply.

- The service contract states or implies that substantially all the services are to be performed personally by them.
- They do not have a substantial investment in the equipment and property used to perform the services (other than an investment in transportation facilities).
- The services are performed on a continuing basis for the same payer.
- 

**Statutory Nonemployees**

There are generally two categories of statutory nonemployees: direct sellers and licensed real estate agents. They are treated as self-employed for all Federal tax purposes, including income and employment taxes, if:

- Substantially all payments for their services as direct sellers or real estate agents are directly related to sales or other output, rather than to the number of hours worked, and
- Their services are performed under a written contract providing that they will not be treated as employees for Federal tax purposes.

# Conflict of Interest Policy

# Exhibit 3

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## Article I

### Purpose

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The purpose of the conflict of interest policy is to protect this tax-exempt organization's NAME OF ORGANIZATION interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

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## Article II

### Definitions

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#### **1. Interested Person**

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

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#### **2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with NAME OF ORGANIZATION or with any entity or individual with which the NAME OF ORGANIZATION has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NAME OF ORGANIZATION is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

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## Article III

### Procedures

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#### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

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#### **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

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### **3. Procedures for Addressing the Conflict of Interest**

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
  - b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c. After exercising due diligence, the governing board or committee shall determine whether NAME OF ORGANIZATION can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
  - d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in NAME OF ORGANIZATION 's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- 

### **4. Violations of the Conflicts of Interest Policy**

- a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
  - b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.
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## **Article IV**

### **Records of Proceedings**

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The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
  - b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
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## **Article V**

### **Compensation**

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- a. A voting member of the governing board who receives compensation, directly or indirectly, from NAME OF ORGANIZATION for services is precluded from voting on matters pertaining to that member's compensation.
  - b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NAME OF ORGANIZATION for services is precluded from voting on matters pertaining to that member's compensation.
  - c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NAME OF ORGANIZATION, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
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**Article VI**  
**Annual Statements**

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Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands NAME OF ORGANIZATION is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

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**Article VII**  
**Periodic Reviews**

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To ensure NAME OF ORGANIZATION operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to NAME OF ORGANIZATION's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

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**Article VIII**  
**Use of Outside Experts**

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When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

\*\*\*\*\*

I, \_\_\_\_\_, a director, principal officer or member of a committee with governing board delegated powers affirm that I :

- a. Have received a copy of the conflicts of interest policy,
- b. Have read and understand the policy,
- c. Have agreed to comply with the policy, and
- d. Understand NAME OF ORGANIZATION is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Signed \_\_\_\_\_

Date \_\_\_\_\_

EXHIBIT 4



**CODE OF  
BUSINESS CONDUCT**

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## **Vision**

**The Barr Group is committed to being the leading global specialty pharmaceutical company distinguished by its ability to:**

- **Innovatively produce quality medicines for customers and patients**
- **Deliver high levels of customer service**
- **Implement effective legal/regulatory strategies for products**
- **Provide rewarding career opportunities for employees**
- **Deliver superior return for shareholders**

**We will accomplish these tasks while exhibiting the highest levels of integrity and corporate citizenship.**

TO ALL BARR GROUP EMPLOYEES:

Our vision for success is clearly articulated. To accomplish it, however, we must all adhere to the highest levels of integrity in all that we do, and must ensure that our commitment to our co-workers, our customers and the communities in which we live and work is unwavering.

Our commitment to the highest ethical values and our individual and collective compliance with the policies and laws that regulate our activities is critical to our success, our reputation for leadership in our industry, and enhances Barr as a great place to work.

Our Code of Conduct provides guidelines as to how we conduct our activities and interact with our customers, suppliers, business partners, government officials and fellow employees. Since no code of conduct can anticipate and cover every business scenario or define all elements of acceptable behavior, good business judgment and common sense is your best guide when our Code of Conduct does not specifically deal with an issue or circumstance. When you are not sure of activities or situations that arise in which the Code of Conduct does not provide specific guidelines you should consult with your supervisor, or local or Corporate Human Resources representative.

For further guidance or, to report a potential or actual violation of the standards detailed in the Code of Conduct, we have established a dedicated telephone helpline and a secure internet connection. To access either the helpline number or the web reporting tool, you can visit the Barr Group Intranet or access the website <http://www.barrethics.com>. These anonymous reporting resources are available to respond to your inquiry 24 hours a day, seven days a week, in almost any language. All information you provide will be kept confidential, except where disclosure is required by laws, rules or regulations or legal process. It is the Barr Group's policy to strictly prohibit any form of retaliation against those who in good faith report potential violations of company policy or applicable law.

We are committed to the highest standards of behavior at Barr. Each of us plays a critical role in meeting these high standards and creating an environment of compliance that will protect Barr's reputation and ensure a solid foundation for long-term success.

Bruce Downey  
Chairman, CEO and President  
December 20, 2007

# **Barr Pharmaceuticals, Inc. Code of Business Conduct**

## **I. Overview**

The Board of Directors of Barr Pharmaceuticals, Inc. (the “Board”) has adopted the following Code of Business Conduct (the “Code of Conduct”). This Code of Conduct applies to Barr Pharmaceuticals, Inc., all of its directly or indirectly controlled subsidiaries worldwide and their respective officers, directors and employees. Barr Pharmaceuticals, Inc. and its directly or indirectly controlled subsidiaries worldwide are referred to collectively herein as “Barr”. Additional policies, regulations, procedures and practices that supplement, support and/or clarify the policies in this Code of Conduct are in place at Barr.

No code or policy can anticipate every situation or provide definitive answers to all questions that may arise. Accordingly, this Code of Conduct is intended to focus each individual director, officer and employee on areas of ethical risk, provide guidance to directors, officers and employees to help them recognize and deal with ethical issues, establish mechanisms to report inappropriate conduct, and help foster the Barr values and operating principles. When in doubt about the best course of action, employees are encouraged to bring questions about particular circumstances to the attention of their supervisor, their local or Corporate Human Resources representative and/or by using a dedicated telephone helpline or secure internet connection. To access either the helpline number (the “Compliance Helpline”) or the web reporting tool, you can visit the Barr Group Intranet or access the website <http://www.barrethics.com> (the “Compliance Weblink”), as listed in Section XVIII of this Code of Conduct. Members of the Board should contact the Barr Pharmaceuticals Company's Chief Executive Officer or General Counsel.

## **II. Compliance with the Code of Conduct, Governmental Laws, Rules and Regulations**

It is the responsibility of Barr management to ensure that this Code of Conduct and the standards set forth herein are communicated throughout Barr, that procedures for promoting and monitoring compliance are established and that appropriate measures are taken in connection with any breach of this Code of Conduct. While management is expected to take a leadership role in promoting this Code of Conduct, the cooperation and active engagement of each employee is critical to its successful implementation.

All employees are expected to familiarize themselves with this Code of Conduct and, as applicable, to certify on a regular basis that they have done so and that they are in compliance with the Code of Conduct (each such certification a “Certification”), and Barr shall ensure that the Code of Conduct is readily available to all of its employees. If an employee has questions concerning the interpretation or application of standards set out in this Code of Conduct, it is the employee's responsibility to consult, as necessary:

- his/her supervisor;

- a local or Corporate representative from the Human Resources Department; or
- the Compliance Helpline and/or Compliance Weblink available at <http://www.barrethics.com>.

Barr policy requires that we comply with all applicable laws, rules and regulations, and Barr expects its directors, officers and employees to carry out their responsibilities on behalf of Barr in accordance with such laws, rules and regulations and to refrain from illegal or inappropriate conduct. No individual is expected to know the details of all applicable laws, rules and regulations. Nevertheless, individuals who have questions about whether particular circumstances may involve illegal or inappropriate conduct should seek advice from their local or Corporate Legal Department representative.

Barr encourages any individual who believes in good faith that any violation of the principles set out by this Code of Conduct has occurred to report such a violation to either his/her supervisor, a local or Corporate Human Resources representative, or the Compliance Helpline or Compliance Weblink listed on the last page of this Code of Conduct. Information received in connection with the implementation or potential or actual violation of the Code of Conduct will be treated confidentially, except where disclosure is required by laws, rules or regulations or legal process. Barr policy strictly prohibits any form of retaliation for reporting misconduct to protect those who report misconduct in good faith.

### **III. Confidentiality**

Directors, officers and employees must maintain the confidentiality of non-public information and records entrusted to them by Barr, and any other confidential information that comes to them, from whatever source, in the course of performing their responsibilities as a director, officer or employee, except when disclosure is authorized by the appropriate local or Corporate Legal Department representative (in communication with General Counsel) or required by laws, rules, regulations or legal process.

In the event that an employee is uncertain whether certain information is confidential, he/she should presume that it is. Any information generated within Barr and which represents a business secret or is confidential in any way, whatsoever, must not be disclosed outside Barr without proper authorization and subject to applicable laws, and may not be used by a Barr employee or disclosed, directly or indirectly, to a third party, whether during or after employment with Barr. Barr employees are also required to respect the confidentiality of information obtained from third parties.

### **IV. Corporate Opportunities; Conflicts of Interest**

Directors, officers and employees are prohibited from taking for themselves personally opportunities in which they could reasonably anticipate that Barr might have an interest. A “corporate opportunity” is a business opportunity that Barr might reasonably be interested in pursuing (i) which has a direct or close relationship to a business or line of business in which a Barr company is currently engaged or (ii) in which Barr has publicly

announced it intends to engage (or the director or employee at issue is aware Barr intends to engage). Limited exceptions to this policy may be authorized only after full disclosure of the facts is made in accordance with the procedures outlined under "Compliance Standards, Reporting and Disciplinary Action" below, and a determination by the General Counsel or his designee that such exception does not violate the Code of Conduct or local laws or policies.

It is Barr's policy that all directors, officers and employees are to act in the best interests of Barr, to refrain from competing with Barr and to avoid business and personal situations that may give rise to a conflict of interest. A "conflict of interest" occurs when an individual's private interest interferes or gives the appearance of interfering with Barr's interests. No employee, by virtue of his/her position, should seek to personally profit in any manner adverse to Barr's interest, either directly or indirectly, whether for himself/ herself or for the benefit of any other person. Employees should avoid putting themselves in situations where their private, financial or business interest may be in conflict with those of Barr or their responsibilities to Barr.

A conflict of interest can arise in numerous areas including, but not limited to, the situations listed below. Barr directors, officers and employees do not, for example:

- take actions or have interests that may make it difficult to perform their work on behalf of Barr objectively and effectively.
- have a direct or indirect interest (other than ownership of a non-material interest in a publicly traded company) in a transaction where Barr is or may become a party, property that Barr may acquire, or an entity with which Barr does or may do business, except where full disclosure of the facts is made to Barr in accordance with the procedures outlined under "Compliance Standards, Reporting and Disciplinary Action" below.
- have a family member who receives improper personal benefits as a result of his or her position as a director, officer or employee of a Barr company.
- have a personal or family interest in any specific transaction with Barr
- have an interest (other than ownership of a non-material interest in a publicly traded company) in a supplier, customer, competitor or any other partner of Barr, whether by holding directly or indirectly a "stake" in such a company, having an influence in the decision making process of such a company, or, holding a position of director or senior manager of such a company, whether personally or through a family member.
- directly or indirectly influence, in a manner that is detrimental to Barr's interests, Barr's dealings with any supplier with whom they have a personal, family or financial relationship;
- work for or represent a customer or supplier in its dealings with any Barr company;
- accept preferential stock offerings that are generally unavailable to the investing public (e.g., "friends and family" stock programs) from companies with whom Barr does business; or
- Use Barr's name, information, property, time or other resources to perform outside activities, such as working a second job or performing volunteer work or community service not specifically sponsored or approved by Barr. These activities must always be kept separate from an individual's employment with Barr.

## **Common Questions:**

***My sister owns a business and is trying to become a supplier for a Barr company. May I help direct her to the appropriate party within Barr?***

Subject to applicable law, you may make the introduction. However, the decision-maker within Barr should be made aware of the relationship and must comply with applicable sourcing strategy and procedures. In addition, you may not participate in the decision-making process or otherwise unduly influence the process. In addition, you must promptly disclose the relationship to your supervisor and in your Certification.

***My spouse and I own a small graphic design business. The work I do for that business is completely unrelated to my job with Barr. I am sure that my small business could provide Barr with a superior product at reduced cost. May I be both an employee and a supplier to Barr?***

Your primary obligation is to Barr and providing services as a vendor could be a conflict of interest. Subject to applicable law, you could bid on Barr jobs provided that: 1) you do not use your Barr employment to influence the bidding process; 2) you do not participate in the performance or evaluation of the work; and 3) the relationship is reported to your supervisor and disclosed in your certification.

***Are there any restrictions on my having a second job outside of Barr?***

Yes. You are free to use your own time as you see fit. However, your employment outside of Barr must not create, or appear to create, a conflict of interest with your responsibilities at Barr. For example, you must not accept a job that could discredit Barr or interfere with the independence and objectivity of your judgment. Your second employment must be kept totally separate from your Barr employment. In no event may you use Barr's name, information, time, property or other resources to perform your second job subject to the limited exceptions provided in Section VIII of this Code of Conduct ("Protection and Proper Use of Assets"). Any employee who works outside of Barr continues to be bound by all confidentiality agreements he/she has with the company. Employees may not work for, consult with or otherwise assist a business that competes with Barr.

***A Barr supplier has offered me the opportunity to buy stock in the supplier's initial public offering ("IPO"). May I purchase the stock?***

No. In this case, you would be obtaining a personal benefit from the supplier because of your position at Barr and Barr's relationship with the supplier. Therefore, you may not participate in the supplier's stock offering.

Employees should contact their supervisor for help in sorting through situations that may give rise to potential conflicts of interest. Members of the Board should direct

questions to Barr Pharmaceuticals, Inc.'s Chief Executive Officer and/or General Counsel.

*A vendor has invited me to attend a three-day conference at a major resort with one of the leisure activities being an invitation to the Daytona 500. May I accept the invitation?*

You may accept the invitation provided that your participation at the conference has a business purpose, is important to Barr's business, the conference is primarily business-related and you have obtained prior management approval consistent with Barr's Approval matrix and Travel Policy. It is also important that such approval is viewed in conjunction with any conflict of interest or appearance of a conflict of interest, or otherwise does not influence your judgment or business decisions.

## **V. Compliance with Securities Laws**

Barr Pharmaceuticals, Inc. is often required by the securities laws of the United States and other jurisdictions to disclose to the public important information regarding Barr. All such disclosure, as well as all public communications, should be full, fair, accurate, timely and understandable.

A director, officer or employee who knows important information about Barr that has not been disclosed to the public (referred to as "material non-public information") must keep such information confidential. It is unlawful to purchase or sell Barr Pharmaceuticals, Inc. securities on the basis of such material non-public information. Directors, officers and employees may not do so and may not provide such information to others for that or any other purpose.

Directors, officers and employees also may not buy or sell securities of any other company using material non-public information obtained in the performance of their duties; nor may they provide such information so obtained to others. Violation of this policy may lead to civil and criminal penalties.

It is not possible to define all categories of information, the use of which could result in improper securities trading. However, non-public information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of securities, as well as if it could impact the share price if publicly disclosed. Information such as financial results, projections of future earnings or losses, news of the acquisition or disposal of material assets or a business entity, financial liquidity problems, gain or loss of a substantial customer or supplier, significant new product announcements, new equity or debt offerings, etc. should always be considered material.

Employees are responsible for becoming familiar with Barr's Insider Trading Policy and should consult it before engaging in any transaction involving the securities of Barr Pharmaceuticals, Inc.

## **VI. Fair Dealing**

Barr companies aim to succeed through fair and honest competition. Barr seeks superior performance, but never through unethical or illegal business practices. Directors, officers and employees should endeavor to deal fairly with customers, suppliers, competitors and employees. No one should take unfair advantage of another individual through manipulation, concealment, abuse of privileged information, or misrepresentation of material facts.

It is Barr's policy to respect the trade secrets and proprietary information of others. Although information obtained from the public domain is a legitimate source of competitive information, a trade secret obtained through improper means is not.

If a competitor's trade secrets or proprietary information are offered to an employee in a suspicious manner, or if an employee has any question about the legitimacy of the use or acquisition of competitive information, contact your local or Corporate Legal Department representative immediately.

Sales of Barr products and services, and purchases of products and services of suppliers, shall be made solely on the basis of quality, price and service, and never on the basis of giving or receiving payments, gifts, entertainment or favors.

No Barr funds, assets or information shall be used for any unlawful purpose. No employee shall purchase privileges or special benefits through payment of bribes, illegal political contributions, or other illicit payments or otherwise give anything of value to a government official in order to influence inappropriately any act or decision on the part of the official.

No undisclosed or unrecorded fund or asset shall be established for any purpose. No false or artificial entries shall be made in Barr books and records for any reason, and no employee shall engage in any arrangement that results in such prohibited act, even if directed to do so by a supervisor.

No payment shall be approved or made with the agreement or understanding that any part of such payment is to be used for any purpose other than that described by documents supporting the payment.

**Common Question:**

***Can a Barr Employee contact a competitor to obtain competitive information?***

It depends on the situation. While Barr employees are not restricted from obtaining information on a competitor that is already publicly available, Barr employees should never contact a competitor to obtain privileged and confidential competitive information, including pricing information. Some forms of contact with competitors are permitted, however. A Barr employee may, for example, visit a competitor's booth at a trade show and collect any publicly distributed literature. However, in speaking to the competitor's personnel, Barr employees should not misrepresent their

identity or affiliation, and must avoid conversations on the sensitive competition-related subjects listed below under "Antitrust and Competition Laws." Similarly, in interactions with competitors, Barr employees must never use deceptive practices - posing as a potential customer, for example - to obtain competitive information on behalf of Barr.

## **VII. Antitrust and Competition Laws**

It is Barr's policy to comply with the antitrust and competition laws of each country in which our companies do business. No employee of Barr shall engage in anti-competitive conduct in violation of any such antitrust or competition law. Certain kinds of agreements (both formal and informal) are absolutely prohibited by these laws. Likewise, Barr policy prohibits Barr employees, contractors, consultants, agents, or anyone working on behalf of Barr to enter into any of these types of agreements. Examples of agreements that violate Barr policy include:

- Agreements or understandings with competitors on price;
- Agreements or understandings with competitors to "divide up" customers, products, services or territories;
- "Bid-rigging" (e.g., reaching a prior agreement with competitors to govern conduct in the bidding process) or making agreements or reaching understandings with competitors not to bid in public or private procurements; and
- Agreements or understandings with competitors to disadvantage other competitors.

Parties entering into these types of agreements can be prosecuted under criminal law, resulting in significant fines for corporations and fines and jail time for the employees involved. An unlawful agreement on "price" can cover a broad range of agreements among competitors that directly or indirectly affect the price of goods or services. This includes, for example, agreements on price ranges, minimum prices, list prices, advertised prices, pricing formulas, discounts, rebates, profit margins, credit and warranty terms or other terms of sale. An "agreement" or "understanding" need not be in writing for it to be unlawful. It can be oral or inferred from the conduct of the parties, as in the following examples:

- An informal observation to a competitor about a company's likely future prices;
- Comments to a competitor about the desirability of an entire industry following a price increase; or
- Comments to a competitor about the desirability of ceasing discounts to certain customers.

These kinds of situations have each been used (along with other circumstantial evidence) to charge companies and individuals with criminal price-fixing. It is for this reason that you should avoid any conduct or activity, formal or informal, from which even an

appearance of improper conduct could be drawn. The obligation to scrupulously avoid even an appearance of impropriety applies in business settings, as well as to communications with competitors in casual social settings (golf games, civic events, etc.). In addition, a supplier in one market may be a competitor in another. Conversations that are wholly appropriate in the context of a supplier relationship may be inappropriate when discussions shift to issues relating to areas of competition. There are other activities that, under certain circumstances, may also violate the various antitrust laws and should be reviewed by your local or Corporate Legal Department representative. Examples include:

- Agreements with suppliers or customers not to do business with others;
- Certain exclusive dealing arrangements;
- Significant differences in prices offered to customers or distributors who compete with each other;
- Charging prices that are below cost in order to drive a competitor out of a market;
- Dictating maximum resale prices; or
- Selling products or services only on the condition that the buyer also purchase a second product or service.

Because this area of the law is complex and the penalties for violation are severe, contact your local or Corporate Legal Department representative whenever you have questions about the antitrust laws of the countries in which Barr conducts business.

**Common Question:**

*What subjects should never be discussed with competitors?*

Generally, company policy and legal requirements prohibit discussions with competitors regarding, among other things: prices, profit margins, costs, bids, terms or conditions of sale, sales territories, customer lists, production levels or capacities, inventories, proposed new products or services, marketing plans, division of the market and distribution arrangements.

**VIII. Protection and Proper Use of Assets**

Company assets, such as information, supplies, equipment, materials, intellectual property, software, hardware and facilities, among other Barr properties and assets, are valuable resources owned or licensed by, or otherwise belonging to, Barr and are to be used solely for corporate purposes. Safeguarding this property from loss, damage or theft is the responsibility of all employees. No person shall take Barr property or assets for personal use or gain, nor shall Barr property or assets be given away, sold or traded without proper authorization. Incidental and immaterial personal use of assets such as computers and other

equipment, telephones and supplies and other personal usage in accordance with approved policies/procedures are permitted exceptions to this policy.

## **IX. Government Officials and Employees**

As a general rule, no payment, offer or promise to pay money or anything of value may be made or given to any employee or official of any governmental agency.

For purposes of this policy, a person is considered a government official or a government employee if he or she receives any part of his/her salary from the government. Particular care should be given to interactions with government employees who have roles in licensing, approval, pricing, reimbursement, bulk purchases and formulary listings.

The U.S. government and many governments around the world have very strict rules regulating the provision of gifts, entertainment, meals, favors or anything of value to their employees. These rules also apply to government contractors and subcontractors. Barr is committed to complying with all such applicable rules. For more specific guidance, see Section X of this Code of Conduct (“Foreign Corrupt Practices Act”) and Barr’s existing policies on gifts and entertainment, or consult your local or Corporate Legal Department representative

### **Common Question:**

*May I invite a U.S. Government employee to participate in a working lunch paid for by Barr?*

Yes. However, U.S. government regulations require that the government employee reimburse Barr for the cost of the meal. There are special rules and regulations that Barr employees and contractors must follow if they work on any U.S. government contract or subcontract. Contact your local or Corporate Legal Department representative for further guidance.

## **X. Foreign Corrupt Practices Act**

The Foreign Corrupt Practices Act (“FCPA”) anti-bribery provisions make it unlawful to make any payment to a government employee for the purpose of obtaining or retaining business, for or with, or directing business to, any person. Neither Barr nor any its employees, agents or other representatives should attempt directly or indirectly to influence business by illegal payments, bribes, kickbacks, or other unethical means. Barr policy prohibits the giving or offering of anything of value to government officials, political parties or candidates for political office in order to obtain, retain or direct business to the individual and/or company, or to secure any improper advantage in doing business. Corrupt payments made through agents, representatives, consultants or other third parties also are prohibited.

In many countries where Barr operates, the healthcare professionals with whom the company interacts are government employees. All interactions with healthcare professionals, including sponsorships to medical or scientific congresses or symposia, and any other contractual relationship shall comply with this policy.

The accounting provisions of the FCPA require corporations to keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. This means that payments may not be characterized wrongly in an invoice or other document. Barr and its employees, agents and other representatives shall keep books and records that accurately reflect the transactions and dispositions of Barr's assets, and create and maintain a system of internal accounting controls to ensure accurate book and record keeping.

Because Barr has operations in many countries, employees shall be familiar with laws that govern payments to government employees and follow those laws, including the Anti-Bribery and Anti-Corruption Policies that have been implemented by each of Barr's non-U.S. companies in connection with Barr's global FCPA compliance program.. Local laws criminalize corrupt payments made, directly or indirectly, to government employees that are intended to secure an improper business advantage for a company. Many of these laws have extraterritorial reach, meaning that a crime can be charged under a country's laws even if the crime did not happen in that country.

In order to avoid violations of the law, and to avoid the serious consequences attendant to it, including fines and imprisonment of up to five years, all employees, agents and representatives of Barr shall comply with this policy. Failure to follow this policy may subject an employee to severe disciplinary actions up to and including termination. If you have any questions concerning the applicable law of a foreign country, or if a local law conflicts with U.S. law or Barr policies, you should contact your local or Corporate Legal Department representative, or the Vice President of Internal Audit.

## **XI. Public Reporting and Disclosure**

Barr employees are responsible for the timely, accurate and complete reporting of financial and other information within their respective areas of responsibility. Reports and documents that Barr Pharmaceuticals files with or submits to the Securities and Exchange Commission, and other public communications, should contain full, fair, accurate, timely and understandable disclosure. Dishonest reporting of information inside or outside of Barr, including false or artificial entries in books and records, is strictly prohibited. This includes not only inaccurate reporting but also organizing information in a way that is intended to mislead or misinform. Barr's policy is to give government investigators the full measure of assistance to which they are entitled, consistent with the safeguards which the law has established. If any government investigator or agency seeks information or access to Barr's records or facilities, or if any litigation is threatened or commenced which involves any entity in Barr, contact your local or Corporate Legal Department representative immediately.

## **XII. Political Contributions**

Barr encourages employees to be involved personally in their communities and political affairs. However, no employee shall directly or indirectly use or contribute funds or assets of Barr for or to any political party, candidate or campaign unless such a use or contribution is an accepted practice and lawful in the country involved and is approved by the Legal Department (in communication with General Counsel) and Investor Relations

Department. For more information, please see the Barr Political Contributions Policy at [www.barrlabs.com](http://www.barrlabs.com) under the “Investors” heading.

### **XIII. Diversity and Equal Opportunity**

Barr promotes diversity at all levels of its organization and does not tolerate discrimination based on factors such as an individual’s age, color, handicap, religion, sex, sexual orientation, or other categories established by applicable country, state or local regulations. In addition, any type of workplace harassment, including but not limited to sexual harassment, harassment based on gender, sexual orientation, marital status, race, national or social origin, religious or political belief, culture, age, physical ability and any other harassment unacceptable for any social and business community, is contrary to Barr's core values and will not be tolerated.

Barr is also committed to following applicable labor and employment laws wherever it operates. Behavior that is contrary to the above principles may result in appropriate corrective action and/or disciplinary action up to and including termination of employment, subject to applicable law. Any employee with information regarding violation of the above policies or principles should report the incident and circumstances to his/her local or Corporate Human Resource Department representative, supervisor, and/or to the Compliance Helpline or Compliance Weblink for prompt, impartial and confidential investigation.

### **XIV. Prohibition Against Retaliation**

Barr prohibits retaliation against an individual for reporting an activity that the employee, in good faith, believes to be a violation of any law, policy, regulation or provision of this Code. Retaliation or reprisals against employees are considered a violation of this Code. Any employee who believes he is the subject of any form of retaliation should report the matter to a supervisor, your local or Corporate Human Resources representative or the Compliance Helpline or Compliance Weblink. Other laws make it a crime to retaliate against a person (including with respect to their employment) for providing truthful information to a law enforcement agency or officer relating to the possible commission of any crime.

### **XV. Privacy**

Many Countries have implemented, or are planning to implement, privacy laws that set requirements for the appropriate handling of personal data (any information that can be used to identify, contact or locate an individual).

Barr is committed to protecting the reasonable privacy expectations of those with whom we do business, including customers, consumers and employees. We believe individuals have the right to decide when their personal data is collected, used or disclosed. We also believe that responsible stewardship of personal data is a critical component in maintaining trust in the Barr brand and ensuring that individuals feel confident that Barr respects their right to privacy.

Therefore, all personal information in any Barr company's possession should be protected following these principles:

- Personal data is collected, processed, stored and transferred with adequate precautions to ensure confidentiality and is accessible only to individuals with legitimate reasons to know or have access to it.
- When appropriate and or required, employees and other individuals will be asked for their consent to the collection, processing, transfer and storage of their personal data.
- Employees will have the opportunity to review their own personal data held by Barr and to correct any errors found.

When questions arise consult your local or Corporate Human Resource Department representative, your supervisor, and/or the Compliance Helpline or Compliance Weblink.

**Common Question:**

*I am a manager with global responsibilities with employees reporting to me in 20 different countries. Would it be appropriate for me to ask for copies of their personnel files to be forwarded to me?*

Privacy laws may be vastly different in the countries that we operate and the sharing of such information may not be appropriate. Consult your local or Corporate Human Resources representative or contact the Compliance Helpline or Compliance Weblink with any questions you may have.

**XVI. Abuse of Drugs and Alcohol**

While Barr respects individual privacy, we also recognize that substance abuse poses serious health and safety hazards in the workplace. Barr is dedicated to achieving a substance-abuse-free environment for the well-being and health of our employees and for the enhancement of our competitive position.

Barr's policy is designed to eliminate substance abuse. In addition to pre-employment drug testing, employees may be tested on a random basis or when they display unusual behavior or when there is reasonable concern of drug or alcohol abuse to the extent permitted under governing laws.

**Common Question:**

*A fellow worker at our manufacturing plant appears to be coming to work impaired and I am concerned for my safety as well as my fellow workers. I am afraid to confront him. What should I do?*

If your co-worker is coming to work and has a substance problem, that employee could be jeopardizing the safety of you or your colleagues as well as affecting the quality of the team's job performance. If you have reason to believe that the

individual is under the influence of drugs or alcohol, please immediately inform your supervisor or your local or Corporate Human Resources representative.

## **XVII. Use of Barr-provided Computer Assets and Internet and E-mail access**

Internet access is provided to Barr's employees for business use. Personal use of these resources must be governed by good judgment and restraint. Barr limits personal use of company resources if such use interferes with the productivity of individual employees or the overall availability of network and computing resources. If you are unsure whether your Internet usage is appropriate, you should discuss this matter with your supervisor. Employees should consider the adverse impact on the Barr network that results from transferring large files during peak use periods.

Use of these resources, whether in the office or at home, is not private. Barr companies can and will monitor individual use of network services, including visits to specific Web sites, and e-mail under established laws, regulations and guidelines. Monitoring of individual usage will extend to individuals using their personal computers to access the Barr network remotely.

Barr's assets and resources, including its computing, telephony, facsimile and networking resources, should never be used to access or disseminate:

- Sexually explicit content;
- Slanderous or libelous content;
- Threatening or harassing messages or chain letters;
- Any information in violation of any laws or Barr policies; or
- Other content that could reasonably be construed as inappropriate.

Employees who violate this policy will be subject to discipline, up to and including dismissal. Questions regarding whether a particular use is permissible, should be addressed to your supervisor.

### **Common Question:**

*May I download software from the Internet that would be helpful for my work at Barr?*

No. Downloading software from the Internet exposes Barr to the risk of viruses and other malicious code that could affect the integrity and availability of Barr's systems and networks. All software on Barr computers must be appropriately authorized, purchased and licensed.

## **XVIII. Compliance Standards, Reporting and Disciplinary Action**

Barr is committed to operating according to the high standards of business conduct set forth in this Code of Business Conduct. Each director, officer and employee is expected to report what he or she believes in good faith are actual or potential violations of applicable laws or non-compliance with this Code of Conduct by any Barr director, officer or employee.

Barr's Human Resources Department is generally responsible for the administration of this Code of Conduct with respect to officers and employees. The Audit Committee of the Board of Directors (or its designee) is generally responsible for enforcement of the Code of Conduct relating to members of the Barr companies Board. The Audit Committee may designate another Board committee or the full Board, as it deems appropriate, to handle the enforcement of a particular Code of Conduct provision as it applies to members of the Board.

Employees should report actual or potential violations of this Code of Conduct involving any Barr officer or employee to their supervisor, their local or Corporate Human Resources representative or via Barr's Compliance Weblink at [www.barrethics.com](http://www.barrethics.com), or the toll-free corporate Compliance Helpline (or local country toll-free helpline) as listed on the Compliance Weblink. The Compliance Helpline and Compliance Weblink are available to respond to calls and inquiries 24 hours a day, seven days a week, in most languages. All information provided via the Compliance Helpline or Compliance Weblink will be kept as confidential and a no retaliation policy shall be strictly enforced to protect employees who in good faith report potential violations of company policy or applicable law. Members of the Board should report these matters to the Chief Executive Officer and/or General Counsel of Barr Pharmaceuticals, Inc. or use the Compliance Helpline or Compliance Weblink. Alternatively, if an accounting or auditing matter is involved, concerns or reports of possible violations may be submitted directly to the chair of the Audit Committee of the Board in writing or through the Compliance Helpline or Compliance Weblink. Communications may be submitted anonymously and will be kept confidential, except where disclosure is required by laws, rules or regulations or legal process.

Any waivers of this Code of Conduct for directors and executive officers of Barr may only be made by the Board of Directors or the Audit Committee of the Board after disclosure of all material facts by the individual seeking the waiver and will be promptly disclosed as required by law or stock exchange regulation. Any waivers for other individuals may only be granted by the Global EVP of Human Resources or General Counsel, or their designee, after all requirements are met as specified in Section IV of this document.

Where Code of Conduct violations are determined to exist, appropriate corrective and disciplinary action will be taken, which may include one or more of the following measures, as applicable and in accordance with local legislation other regulations and practice: (i) counseling; (ii) a warning; (iii) a reprimand noted in the employee's personnel file; (iv) probation; (v) change, including reassignment, in job responsibilities, authority and/or title; (vi) temporary suspension, with or without pay; (vii) termination of employment or other relationship with Barr; (viii) removal as a director or officer; (ix) reimbursement of losses or damages resulting from the violation; or (x) referral for criminal prosecution or civil action.

The Company on a periodic basis will continue to add and modify new policies and guidelines as required by changes in law, regulations, or business practices. It is the responsibility of all employees to comply with all policies as issued.

**Name of Organization  
Document Retention Policy**

<b>Item</b>	<b>Retention Period</b>
Bank Statements & Reconciliations	7 Years
Cancelled Checks - (Important Payments - purchases of property, tax payments, large or significant contracts)	Permanent
Cancelled Checks - (Ordinary)	7 Years
Cash Receipts and Disbursements	7 Years
Contracts and Leases (Current)	Permanent
Contracts and Leases (Expired)	7 Years
Corporate - Articles of Incorporation & By Laws	Permanent
Corporate - Certificate of Incorporation and Related Legal or Government Documents	Permanent
Corporate - Minutes of Board & Committee Meetings, etc.	Permanent
Correspondence (General)	3 Years
Correspondence (Legal / Important)	Permanent
Email	5 Years
Employee Assignments and Garnishments	7 Years
Employee Benefit Plan Documents	7 Years
Employee Payroll Records	7 Years
Employee Payroll Reports (Federal, State or City Gov't)	7 Years
Employee Personnel Records (After Termination)	7 Years
Employee Personnel Records (Current)	Permanent
Employee Retirement & Pension Records	Permanent
Employee Timesheets	7 Years
Employee Workman's Compensation Documents	11 years
Employment Applications (Current Employees)	Permanent
Employment Applications (Other)	1 Year
Finance - Financial Statements (inc. Trial Balances)	Permanent
Finance - Tax Return Worksheets	7 Years
Finance - Tax Returns	Permanent
Finance - W-2 / W-4 / 1099 Forms, etc.	7 Years
Grant Inquiries	7 Years
Insurance - Accident Reports and Claims (Current Cases)	Permanent
Insurance - Accident Reports and Claims (Settled Cases)	Permanent
Insurance - Policies (Current)	Permanent
Insurance - Policies (Expired)	Permanent
Inventories	7 Years
Invoices from Vendors	7 Years
Paid Bills & Vouchers	7 Years

**Name of Organization**  
**Whistleblower Policy**

**I. General**

Name of Organization. expects its directors, officers, employees, and other representatives to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of Name of Organization., we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

**II. Reporting Responsibility**

It is the responsibility of all directors, officers, and employees to report Wrongful Conduct in accordance with this Whistleblower Policy.

**III. Wrongful Conduct**

“Wrongful Conduct” is defined in this Whistleblower Policy to include: a serious violation of Name of Organization policies; a violation of applicable state and federal law; or the use of Name of Organization’s property, resources, or authority for personal gain or other non organization-related purpose except as provided under Name of Organization policies.

This definition of Wrongful Conduct is not intended to be an exclusive listing of the illegal or improper activity encompassed by the Whistleblower Policy. Rather, the Whistleblower Policy is intended to serve as a means of reporting all serious improprieties that potentially impact the integrity and effective operation of the Name of Organization.

**III. No Retaliation**

No director, officer, or employee who in good faith reports Wrongful Conduct will suffer harassment, retaliation or adverse employment consequence. Any director, officer, or employee who retaliates against anyone who has reported Wrongful Conduct in good faith is subject to discipline up to and including termination of employment or removal from the board or directors, as applicable. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within Name of Organization prior to seeking resolution outside the Organization.

#### **IV. Reporting Wrongful Conduct**

Name of Organization encourages its directors, officers, and employees to share their questions, concerns, suggestions, or complaints with someone who can address them properly. Any director, officer, or employee may report Wrongful Conduct to the Executive Director or the president of the board of directors. If the Wrongful Conduct implicates one or both of the Executive Director or the president of the board of directors, or if the reporting individual is not comfortable speaking with or not satisfied with response of the foregoing individuals, the issue may be reported to any member of the board of directors. The Executive Director, president of the board of directors, and all members of the board of directors to whom a report of Wrongful Conduct is made are required to immediately advise the full board of directors of such report of Wrongful Conduct.

#### **V. Acting in Good Faith**

Anyone filing a complaint of Wrongful Conduct must be acting in good faith and have reasonable grounds for believing the information disclosed indicates Wrongful Conduct. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

#### **VI. Confidentiality**

Reports of Wrongful Conduct or suspected Wrongful Conduct may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of Wrongful Conduct or suspected Wrongful Conduct will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

#### **VII. Handling of Reported Wrongful Conduct**

A representative of the board of directors will notify the sender and acknowledge receipt of the reported Wrongful Conduct or suspected Wrongful Conduct within five business days, unless such report was submitted anonymously. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

\* Item was disposed  
of during current year.

# Depreciation Detail Listing

Program Services  
For your records only

2007  
PAGE 1

Name(s) as shown on return																		
LAWRENCEBURG MAIN STREET, INC																		
Social security number/EIN 20-0456048																		
No.	Description	Date	Cost	Salvage	Business percentage	Section 179	Depreciation Basis	Life	Method	Rate	Current depr.	Accumulated Depreciation	Prior expense	Bonus depreciation	AMT Current			
1	OFFICE EQUIPMENT	20050101	4,104		100.00		4,104	5	200 DB HY	19.2	788	3,097			733			
2	DIGITAL CAMERA	20070719	350		100.00		350	5	200 DB HY	20	70	70			53			
3	ALL IN ONE PRINTER	20070719	515		100.00		515	5	200 DB HY	20	103	103			77			
4	AWNING/SIGN	20060101	22,005		100.00		22,005	5	200 DB HY	32	7,042	15,575			5,611			
5	AWNING/SIGN	20060101	17,113		100.00		17,113	5	200 DB HY	32	5,476	7,921			4,364			
<b>Totals</b>													44,087	13,479	26,766			10,838
Land Amount																	STT ADJ:	
Net Depreciable Cost													44,087					