



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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April 10, 2024

Board of Directors
The Chamber of Commerce of St. Joseph County, Inc.
St. Joseph County, Indiana

We have reviewed the audit report of The Chamber of Commerce of St. Joseph County, Inc., which was opined upon by Aranowski & Company, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of The Chamber of Commerce of St. Joseph County, Inc. as of December 31, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Aranowski & Company prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

South Bend, Indiana

Annual Report

December 31, 2023

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ARANOWSKI & COMPANY

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INDEPENDENT AUDITORS' REPORT

Board of Directors

The Chamber of Commerce of St. Joseph County, Inc., and its Affiliates
South Bend, Indiana

We have audited the accompanying consolidated financial statements of The Chamber of Commerce of St. Joseph County, Inc., and its Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, consolidated statements of functional expenses, and the consolidated statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Chamber of Commerce of St. Joseph County, Inc. and its Affiliates as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Chamber of Commerce of St. Joseph County, Inc. and its Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Chamber of Commerce of St. Joseph County, Inc. and its Affiliates' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individual or in the aggregate, they would influence the

judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Chamber of Commerce of St. Joseph County, Inc. and its Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Chamber of Commerce of St. Joseph County, Inc. and its Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


ARANOWSKI & COMPANY
SOUTH BEND, INDIANA
January 28, 2024

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY AND ITS AFFILIATES**

Consolidated Statements of Financial Position

December 31, 2023 and 2022

Assets	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,750,319	\$ 2,853,983
Dues receivable, net	109,805	88,943
Prepaid expenses	12,000	12,000
Property and equipment, net	64,784	28,071
Intangible asset, net	11,064	34,946
Right of use asset	<u>1,006,537</u>	<u>1,092,274</u>
 Total Assets	 <u>\$ 3,954,509</u>	 <u>\$ 4,110,217</u>
 Liabilities and Net Assets		
Accounts payable	\$ 10,974	\$ 81,668
Accrued salaries	113,548	118,464
Deferred revenue	512,668	543,357
Capital lease payable	<u>1,006,537</u>	<u>1,092,274</u>
Total Liabilities	<u>1,643,727</u>	<u>1,835,763</u>
 Net Assets		
Without Donor Restrictions		
Undesignated - Chamber of Commerce of St. Joseph County, Inc.	575,488	575,488
Designated for operating reserve	1,549,522	1,513,194
Designated for Chamber Foundation	<u>185,772</u>	<u>185,772</u>
Total Net Assets	<u>2,310,782</u>	<u>2,274,454</u>
 Total Liabilities and Net Assets	 <u>\$ 3,954,509</u>	 <u>\$ 4,110,217</u>

(See auditors' report and notes to financial statements.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues						
Membership Dues	\$ 866,880		\$ 866,880	\$ 856,831		\$ 856,831
Contributions and Pledges	29,660		29,660	49,551		49,551
Hotel and Motel Tax	6,368,000		6,368,000	2,058,791		2,058,791
Investment Income	85,355		85,355	352		352
Programs	446,296		446,296	428,518		428,518
Administrative Fees	41,350		41,350	57,087		57,087
Other Income	<u>299,689</u>		<u>299,689</u>	<u>311,729</u>		<u>311,729</u>
 Total Revenues	 <u>8,137,230</u>		 <u>8,137,230</u>	 <u>3,762,859</u>		 <u>3,762,859</u>
Expenses						
Program Services Expense						
Economic Development	91,281		91,281	87,507		87,507
Member Services	500,833		500,833	460,328		460,328
Convention and Tourism	6,656,014		6,656,014	2,203,805		2,203,805
Issue Management	<u>243,649</u>		<u>243,649</u>	<u>223,942</u>		<u>223,942</u>
Total Program Expenses	7,491,777		7,491,777	2,975,582		2,975,582
Supporting Services Expense:						
Management and General	297,790		297,790	273,709		273,709
Operations	<u>311,329</u>		<u>311,329</u>	<u>286,149</u>		<u>286,149</u>
Total Supporting Services Expenses	<u>609,119</u>		<u>609,119</u>	<u>559,858</u>		<u>559,858</u>
Total Expenses	<u>8,100,896</u>		<u>8,100,896</u>	<u>3,535,440</u>		<u>3,535,440</u>
 Change in net assets	 36,334		 36,334	 227,419		 227,419
 Net Assets, Beginning of Year	 <u>2,274,454</u>		 <u>2,274,454</u>	 <u>2,047,035</u>		 <u>2,047,035</u>
 Net Assets, End of Year	 <u>\$ 2,310,788</u>	<u>\$ 0</u>	 <u>\$ 2,310,788</u>	 <u>\$ 2,274,454</u>	<u>\$ 0</u>	 <u>\$ 2,274,454</u>

(See auditors' report and notes to financial statements.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Consolidated Statement of Functional Expenses

December 31, 2023

	<u>Program Services</u>					<u>Totals</u>	
	<u>Economic</u>	<u>Member</u>		<u>Issue</u>	<u>Management</u>	<u>2023</u>	
	<u>Development</u>	<u>Services</u>	<u>CVB</u>	<u>Mgmt</u>	<u>and Admin.</u>	<u>Operations</u>	
Salaries and wages		\$ 262,164	\$ 497,252	\$ 127,539	\$ 155,881	\$ 162,967	\$ 1,205,803
Payroll taxes		16,009	45,651	7,788	9,519	9,951	88,918
Retirement benefits		17,392	19,044	8,461	10,341	10,811	66,049
Employee benefits		27,179	58,191	13,222	16,160	16,895	131,647
Rent		38,098	105,720	18,534	22,653	23,683	208,688
Postage		312	12,461	152	185	194	13,304
Repairs and maintenance		2,357	5,468	1,147	1,401	1,465	11,838
Equipment lease		857		417	509	533	2,316
Vehicle lease		1,461		711	869	908	3,949
Special events		57,610	245,161	28,026	34,254	35,812	400,863
Office expense		1,189		578	707	739	3,213
Travel	\$ 399	4,006	45,143	1,949	2,382	2,490	56,369
Telephone		4,193	9,610	2,040	2,493	2,606	20,942
General insurance		2,972	9,365	1,446	1,767	1,847	17,397
Advertising	40,547	6,947	5,388,154	3,380	4,131	4,318	5,447,477
Printing and supplies			19,871				19,871
Bad debts		10,398	18,000	5,059	6,183	6,464	46,104
Outside labor			2,340				2,340
Payroll service		1,098		534	653	683	2,968
Computer support		15,508	30,788	7,544	9,221	9,640	72,701
Bank charges		4,351		2,117	2,587	2,705	11,760
Legal and professional	49,477	4,340	13,971	2,111	2,580	2,698	75,177
Dues and subscriptions		15,319	105,001	7,453	9,109	9,523	146,405
Depreciation and amort	858	5,062	19,579	2,463	3,010	3,147	34,119
Utilities and trash		1,940	5,244	944	1,153	1,206	10,487
Miscellaneous		71		34	42	44	191
	<u>\$ 91,281</u>	<u>\$ 500,833</u>	<u>\$ 6,656,014</u>	<u>\$ 243,649</u>	<u>\$ 297,790</u>	<u>\$ 311,329</u>	<u>\$ 8,100,896</u>

(See auditors' report and notes to financial statements.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Consolidated Statement of Functional Expenses

December 31, 2022

	<u>Program Services</u>					<u>Totals 2022</u>	
	<u>Economic Development</u>	<u>Member Services</u>	<u>CVB</u>	<u>Issue Mgmt.</u>	<u>Management and Admin</u>		<u>Operations</u>
Salaries and wages		\$ 238,698	\$ 516,494	\$ 116,123	\$ 141,929	\$ 148,380	\$ 1,161,624
Payroll taxes		16,090	43,656	7,827	9,567	10,002	87,142
Retirement benefits		14,806	29,601	7,203	8,804	9,204	69,618
Employee Benefits	\$ 3,894	26,309	59,970	12,799	15,643	16,354	134,969
Rent		40,067	108,289	19,492	23,824	24,906	216,578
Postage		344	12,539	167	204	214	13,468
Repairs & Maintenance		3,923	11,613	1,909	2,333	2,439	22,217
Equipment Lease		433		210	257	269	1,169
Vehicle Lease		1,861		906	1,107	1,157	5,031
Special Events		47,806	142,273	23,257	28,425	29,717	271,478
Office expense		896		436	532	557	2,421
Travel	1,192	5,559	71,469	2,704	3,305	3,455	87,684
Telephone		4,241	10,464	2,063	2,522	2,636	21,926
General insurance		2,662	8,203	1,295	1,583	1,655	15,398
Advertising	547	5,180	1,035,009	2,520	3,080	3,220	1,049,556
Printing and supplies			18,677				18,677
Bad debts		7,090	18,000	3,449	4,216	4,407	37,162
Payroll service		990		482	589	615	2,676
Computer Support		11,183	23,419	5,440	6,649	6,952	53,643
Bank charges		3,337		1,623	1,984	2,074	9,018
Legal and professional	81,834	3,300	25,539	1,605	1,962	2,051	116,291
Dues and subscriptions	40	20,483	43,578	9,965	12,179	12,733	98,978
Depreciation		2,999	19,497	1,459	1,783	1,864	27,602
Utilities and trash		2,041	5,515	993	1,214	1,269	11,032
Miscellaneous		30		15	18	19	82
	<u>\$ 87,507</u>	<u>\$ 460,328</u>	<u>\$ 2,203,805</u>	<u>\$ 223,942</u>	<u>\$ 273,709</u>	<u>\$ 286,149</u>	<u>\$ 3,535,440</u>

(See auditors' report and notes to financial statements.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	\$ <u>36,334</u>	\$ <u>227,419</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and Amortization	34,119	27,603
Changes in operating assets and liabilities		
Dues receivable, net	(20,862)	4,137
Right of use asset	85,737	
Prepaid expenses		
Accounts payable	(70,694)	76,901
Accrued expenses	(4,916)	19,064
Deferred revenue	<u>(30,689)</u>	<u>(2,425)</u>
 Net Cash from Operating Activities	 <u>29,029</u>	 <u>352,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(46,956)</u>	<u>(48,403)</u>
Net Cash Used for Investing Activities	<u>(46,956)</u>	<u>(48,403)</u>
Principal payments on capital leases	<u>(85,737)</u>	<u> </u>
Net Cash used for Financing Activities	<u>(85,737)</u>	<u> </u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(103,664)	304,296
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>2,853,983</u>	<u>2,549,687</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ <u>2,750,319</u>	\$ <u>2,853,983</u>

(See auditors' report and notes to financial statements.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Consolidated Notes to Financial Statements

December 31, 2023

NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Chamber of Commerce of St. Joseph County, Inc. (the Chamber) was founded in 1909 as a private, not-for-profit member association to serve its member businesses and advance community prosperity. The Chamber is dedicated to its members' growth and prosperity. The Chamber is the primary advocate for area business and is committed to helping members compete by providing leadership, advocacy and services. The Chamber is primarily funded by membership dues, members' contributions and pledges, program income and local government.

The Chamber has the following affiliates:

- Visit South Bend/Mishawaka (CVB)
- Chamber Foundation (Foundation)

The CVB program is focused upon attracting meetings, conventions, sports, and other leisure activities and visitors to stimulate economic growth in St. Joseph County, Indiana.

During 2004, the Foundation was created to promote, develop, sponsor and assist in the betterment of the community of St. Joseph County, Indiana. The Foundation will solicit and receive contributions and donations which will be used for charitable and educational activities which will result in such community betterments.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Property, Equipment, and Depreciation

We record property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

(See auditors' report.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Notes to Financial Statements

December 31, 2023

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for Convention and Visitors Bureau.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

In 2020 the organization adopted ASC 606, Revenue from Contracts, which amended the existing accounting standards for revenue recognition. Prior period amounts continue to be reported in accordance with legacy GAAP. The new revenue standard does not have a material impact on the amount and timing of the revenue recognized in the organizations financial statements.

Advertising Costs

Advertising costs are expensed as incurred. For the years ended December 31, advertising expense was \$5,447,477 - 2023 and \$1,049,556 - 2022.

Consolidation

The consolidated financial statements include the accounts of the Chamber of Commerce of St. Joseph County Foundation, Inc. and the results of operations and account balances of the Organization. All material intercompany balances and transactions have been eliminated.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

(See auditors' report.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Notes to Financial Statements

December 31, 2023

Leases

The Chamber accounts for leases in accordance with *ASU No. 2016-02, Leases (Topic 842)*. Leases are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Management determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. Management determines if an arrangement conveys the right to use an identified asset and whether the Chamber obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Chamber recognizes a lease liability and right of use ("ROU") asset at the commencement date of the lease.

Lease liabilities: A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: 1) the lease is modified (and the modification is not accounted for as a separate contract), 2) certain contingencies related to variable lease payments are resolved, or 3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Chamber uses its incremental borrowing rate. If the implicit rate of a lease is not readily determinable, the Chamber uses its incremental borrowing rate. If the implicit rate of a lease is not readily determinable, the Chamber uses its incremental borrowing rate based on the information available at the commencement date of the lease. The incremental borrowing rate for a lease is the rate of interest the Chamber would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Chamber determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

ROU assets: A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued lease payments, less the unamortized balance) of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

The Chamber has elected for all assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at the date of adoption of ASC 842 or lease commencement, and do not include an option to purchase the underlying asset that is reasonably certain to exercise. The Chamber recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

(See auditors' report.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Notes to Financial Statements

December 31, 2023

Income Taxes

The Chamber operates as a not-for-profit organization under the Internal Revenue Code Section 501(c)(6) and a similar section of the Indiana tax law, which provides exemption from federal and state income taxes, except for taxes on unrelated business income.

The Chamber of Commerce of St. Joseph County Foundation, Inc., operates as a not-for-profit organization under the Internal Revenue Code Section 501(c)(3) and similar section of the Indiana tax law, which provides exemption from federal and state income taxes, except for taxes on unrelated business income.

The Organization's policy is to record an unrecognized tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the tax authorities. Interest and penalties related to gross unrecognized tax benefits would be included within the provision for income taxes. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued would be reduced in the period that such determination is made and reflected as a reduction of the overall income tax provision.

The Organization files two federal and two Indiana state not-for-profit tax returns. Management has evaluated its uncertain tax positions and related income tax contingencies and believes it is not material to the financial statements. The Organization is no longer subject to examination by the federal and Indiana tax jurisdictions for the years ended prior to December 31, 2020.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with our receivables is considered to be limited due to high historical collection rates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

We have evaluated subsequent events through January 28, 2024, the date on which the financial statements were available to be issued.

(See auditors' report.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Notes to Financial Statements

December 31, 2023

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 2,750,319
Dues receivable	<u>109,805</u>
	<u>\$ 2,860,124</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Chamber designates a portion of any operating surplus to its operating reserve, which was \$1,549,522 as of December 31, 2023.

NOTE 3 - DUES RECEIVABLE

Dues receivable are recorded at the amount the Organization expects to collect on balances outstanding at year end. The Organization closely monitors outstanding balances and reserves for the uncollectible balances at year end. Management uses the allowance method to determine uncollectible receivables. The allowance is based on prior years experience and management's analysis of specific receivables. The Organization does not accrue interest on any of its dues receivables.

	<u>2023</u>	<u>2022</u>
Dues Receivable	\$ 136,734	\$ 115,872
Less Allowance for Uncollectible	<u>(26,929)</u>	<u>(26,929)</u>
Total	<u>\$ 109,805</u>	<u>\$ 88,943</u>

NOTE 4 - GRANTS RECEIVABLE

The Organization receives some grants for reimbursement of expenses incurred. A receivable for the reimbursement of allowable program expenditures due from grantors is recorded as other receivables in the consolidated statement of financial position. The balance of other receivables at December 31, \$0 - 2023 and \$0 - 2022. No allowance for uncollectible grants has been recorded.

(See auditors' report.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Notes to Financial Statements

December 31, 2023

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 41,400	\$
Office equipment	\$ 41,628	\$ 36,078
Vehicles	<u>18,013</u>	<u>18,013</u>
Total cost	101,041	54,091
Less accumulated depreciation	<u>(36,257)</u>	<u>(26,020)</u>
Property and equipment, net	<u>\$ 64,784</u>	<u>\$ 28,071</u>

Depreciation expense was \$10,237 - 2023 and \$5,071 - 2022.

NOTE 6 - INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Websites	\$ 75,895	\$ 75,895
Less accumulated amortization	<u>(64,831)</u>	<u>(40,949)</u>
Net intangible assets	<u>\$ 11,064</u>	<u>\$ 34,946</u>

Amortization expense was \$23,882 - 2023 and \$22,532 - 2022

NOTE 7 - DONATED PROFESSIONAL SERVICES AND MATERIAL

Contributions of services are required to be recognized if the services received required specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided, or services that create or enhance a non financial asset. However, a substantial number of unpaid volunteers make significant contributions of their time to the Organization. The value of this time is not reflected in the accompanying financial statements, because the services are not susceptible to objective measurement or valuation. As of December 31, 2023 and 2022, no amounts for contributed services were recognized in the accompanying consolidated financial statements.

(See auditors' report.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Notes to Financial Statements

December 31, 2023

NOTE 8 - CAPITAL LEASE

In February 2022, the Chamber entered into a lease of office space under a capital lease expiring in 2032. The lease is payable in 60 monthly installments of \$12,412 and then 60 monthly installments of \$13,653 with an interest rate of 6% paid over the life of the lease. Interest expense is recognized over the life of the lease using a constant rate applied to the declining balance of the liability.

For the years ended December 31, total rent expense for the above leases was \$208,688 - 2023 and \$216,578 - 2022.

Minimum future lease payments under the capital lease as of December 31, 2023 are as follows:

2024	\$ 148,941
2025	148,941
2026	148,941
2027	163,835
2028 and thereafter	<u>668,994</u>
Total Minimum Lease Payments	1,279,652
Less Amount Representing Interest Portion	<u>(273,115)</u>
Present Value of Future Payments	<u>\$ 1,006,537</u>

NOTE 9 - FUNCTIONALIZED EXPENSE

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on percentages which are derived by management.

NOTE 10 - RETIREMENT AND DEFERRED COMPENSATION

The Organization maintains qualified retirement plans under section 401(k) of the Internal Revenue Code. Under these plans, employees may defer up to 15% of their salary. The Organization makes contributions to the plans of up to 7.5% of the eligible employee's annual compensation to a group annuity contract. The Organization's contributions for the plan years ended December 31, were \$66,049 - 2023 and \$69,618 - 2022.

The Organization offers a Section 457 nonqualified deferred compensation plan to its employees. There were no deferred compensation payments made by the Chamber during the years ended December 31, 2023 and 2022.

NOTE 11 - DEFERRED REVENUE

Annual membership dues and other sponsored events are billed in advance and are recognized as revenue over the period of the membership or sponsorship. Dues and other sponsorships received in advance are recorded as a liability and are reported as deferred revenue in the accompanying consolidated statement of financial position. Deferred revenue whose revenue recognition period extends beyond December 31, was \$512,668 - 2023 and \$543,357 - 2022.

(See auditors' report.)

**THE CHAMBER OF COMMERCE
OF ST. JOSEPH COUNTY, INC., AND ITS AFFILIATES**

Notes to Financial Statements

December 31, 2023

NOTE 12 - ADMINISTRATIVE FEES

The Organization includes affiliates and other contracted partners that utilize Chamber personnel and resources to carry out various initiatives. The Chamber provides administrative services to some of these entities. Fees are assessed on a monthly basis and range from month to month to annual agreements. For the years ended December 31, the Chamber received administrative fees totaling \$40,000 - 2023 and \$50,000 - 2022, of which none were from non-consolidated entities. As of December 31, 2023, there were no agreements that were in excess of one year.

NOTE 13 - DESTINATION MARKETING AGREEMENT

The Organization has an agreement with the St. Joseph County Board of Managers (the Board) to receive funds from the St. Joseph County Hotel/Motel Tax.

The Board remits funds to the Organization on a monthly basis to use for the promotion of conventions and tourism in the St. Joseph County, Indiana area. The funds received from this agreement for the years ended December 31, were \$6,368,000 - 2023 and \$2,058,791 - 2022. These tax proceeds along with funds provided by the Chamber support the operations of the CVB.

NOTE 14 - CONTINGENCIES

Under the terms of State and Federal grants, periodic audits are required and certain costs may be challenged as to what may be allowable under the terms of the grants. Grant resources are expendable only for operating purposes specified by the grant. Such audits could lead to reimbursement of the grantor agencies.

Management is of the opinion that the risk of material disallowance is remote. Therefore, no provision for contingencies has been reflected in the financial statements.

ARANOWSKI & COMPANY

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February 9, 2024

**The Chamber of Commerce
of St. Joseph County, Inc.
Schedule of Government Funding
For the Year Ended December 31, 2023**

St. Joseph County Hotel/Motel Tax

Total Funds Received \$6,367,999.73

Total Funds Disbursed \$6,367,999.73

City of South Bend

Total Funds Received \$115,000

Total Funds Disbursed \$115,000

City of Mishawaka

Total Funds Received \$25,000

Total Funds Disbursed \$25,000

St. Joseph County- Economic Development

Total Funds Received \$105,000

Total Funds Disbursed \$105,000

Total Funds received from Governmental Agencies for the year ended December 31, 2023 was
\$6,612,999.73