



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

February 15, 2024

Board of Directors
The Chamber of Commerce of St. Joseph County
101 North Michigan Street
South Bend, IN 46601

We have reviewed the audit report of The Chamber of Commerce of St. Joseph County, which was opined upon by Aranowski & Company, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. 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 as of December 31, 2022 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 black ink 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, 2022

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

ARANOWSKI & COMPANY

CPAs and Business Advisors

212 EAST LaSALLE AVENUE, SUITE 220
SOUTH BEND, INDIANA 46617
(574) 289-4821 FAX (574) 289-6007

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, 2022 and 2021, 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, 2022 and 2021, 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
April 20, 2023

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

Consolidated Statements of Financial Position

December 31, 2022 and 2021

Assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,853,983	\$ 2,549,687
Dues receivable, net	88,943	93,080
Grants receivables		
Prepaid expenses	12,000	12,000
Property and equipment, net	28,071	9,642
Intangible asset, net	34,946	32,583
Right of use asset	<u>1,092,274</u>	<u> </u>
 Total Assets	 <u>\$ 4,110,217</u>	 <u>\$ 2,696,992</u>
 Liabilities and Net Assets		
Accounts payable	\$ 81,675	\$ 4,779
Accrued salaries	118,457	99,400
Deferred revenue	543,357	545,782
Capital lease payable	<u>1,092,274</u>	<u> </u>
Total Liabilities	<u>1,835,763</u>	<u>649,961</u>
 Net Assets		
Without Donor Restrictions		
Undesignated - Chamber of Commerce of St. Joseph County, Inc.	575,488	575,488
Designated for operating reserve	1,513,194	1,285,771
Designated for Chamber Foundation	<u>185,772</u>	<u>185,772</u>
Total Net Assets	<u>2,274,454</u>	<u>2,047,031</u>
 Total Liabilities and Net Assets	 <u>\$ 4,110,217</u>	 <u>\$ 2,696,992</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, 2022 and 2021

	<u>2022</u>			<u>2021</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	\$ 856,831		\$ 856,831	\$ 859,962		\$ 859,962
Contributions and Pledges	49,551		49,551	49,563		49,563
Hotel and Motel Tax	2,058,791		2,058,791	1,656,882		1,656,882
Investment Income	352		352	867		867
Programs	428,518		428,518	234,062		234,062
Administrative Fees	57,087		57,087	43,768		43,768
PPP Loan Forgiveness				257,600		257,600
Other Income	<u>311,729</u>		<u>311,729</u>	<u>605,611</u>		<u>605,611</u>
 Total Revenues	 <u>3,762,859</u>		 <u>3,762,859</u>	 <u>3,708,315</u>		 <u>3,708,315</u>
Expenses						
Program Services Expense						
Economic Development	87,507		87,507			
Member Services	460,328		460,328	560,393		560,393
Convention and Tourism	2,203,805		2,203,805	2,002,005		2,002,005
Issue Management	<u>223,942</u>		<u>223,942</u>	<u>272,623</u>		<u>272,623</u>
Total Program Expenses	2,975,582		2,975,582	2,835,021		2,835,021
Supporting Services Expense:						
Management and General	273,709		273,709	333,208		333,208
Operations	<u>286,149</u>		<u>286,149</u>	<u>348,356</u>		<u>348,356</u>
Total Supporting Services Expenses	<u>559,858</u>		<u>559,858</u>	<u>681,564</u>		<u>681,564</u>
Total Expenses	<u>3,535,440</u>		<u>3,535,440</u>	<u>3,516,585</u>		<u>3,516,585</u>
 Change in net assets	 227,419		 227,419	 191,730		 191,730
 Net Assets, Beginning of Year	 <u>2,047,031</u>		 <u>2,047,031</u>	 <u>1,855,301</u>		 <u>1,855,301</u>
 Net Assets, End of Year	 <u>\$ 2,274,450</u>	 <u>\$ 0</u>	 <u>\$ 2,274,450</u>	 <u>\$ 2,047,031</u>	 <u>\$ 0</u>	 <u>\$ 2,047,031</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 and 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 and amort		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 Statement of Functional Expenses

December 31, 2021

	<u>Program Services</u>					<u>Totals 2021</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		\$ 217,371	\$ 495,379	\$ 105,748	\$ 129,248	\$ 135,123	\$ 1,082,869
Payroll taxes		15,426	39,437	7,504	9,172	9,589	81,128
Retirement benefits		15,341	32,819	7,463	9,122	9,537	74,282
Employee Benefits	\$	22,625	50,937	11,007	13,453	14,064	112,086
Rent		41,250	111,486	20,067	24,527	25,642	222,972
Postage		326	13,019	159	194	203	13,901
Repairs & Maintenance		1,256	6,514	611	747	781	9,909
Equipment Lease		1,047		509	623	651	2,830
Vehicle Lease		56		27	33	35	151
Special Events		170,146	22,500	82,774	101,168	105,766	482,354
Office expense		944		459	561	587	2,551
Travel		1,753	48,518	853	1,042	1,090	53,256
Telephone		3,253	8,877	1,582	1,934	2,022	17,668
General insurance		2,816	8,776	1,370	1,675	1,751	16,388
Advertising		2,690	891,001	1,309	1,600	1,672	898,272
Printing and supplies			17,923				17,923
Bad debts		12,871	18,000	6,261	7,653	8,001	52,786
Outside labor							
Payroll service		978		476	581	608	2,643
Computer Support		10,935	66,187	5,320	6,502	6,798	95,742
Bank charges		3,447		1,677	2,050	2,143	9,317
Legal and professional		5,811	37,315	2,827	3,455	3,612	53,020
Dues and subscriptions		26,166	109,410	12,730	15,558	16,266	180,130
Depreciation		1,963	18,713	955	1,167	1,220	24,018
Utilities and trash		1,922	5,194	935	1,143	1,195	10,389
Miscellaneous							
	\$	<u>\$ 560,393</u>	<u>\$ 2,002,005</u>	<u>\$ 272,623</u>	<u>\$ 333,208</u>	<u>\$ 348,356</u>	<u>\$ 3,516,585</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	\$ <u>227,419</u>	\$ <u>191,730</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and Amortization	27,603	24,018
Changes in operating assets and liabilities		
Dues receivable, net	4,137	44,594
Grants receivables		24,854
Prepaid expenses		
Accounts payable	76,896	846
Accrued expenses	19,057	8,050
Deferred revenue	<u>(2,425)</u>	<u>66,867</u>
 Net Cash from Operating Activities	 <u>352,687</u>	 <u>360,959</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(48,391)</u>	<u> </u>
 Net Cash Used for Investing Activities	 <u>(48,391)</u>	 <u> </u>
 NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	 304,296	 360,959
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>2,549,687</u>	<u>2,188,728</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ <u>2,853,983</u>	\$ <u>2,549,687</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, 2022

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, 2022

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 \$1,049,556 - 2022 and \$898,272 - 2021.

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, 2022

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, 2019.

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 April 20, 2023, 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, 2022

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	\$ 2,853,983
Dues receivable	<u>88,943</u>
	<u>\$ 2,942,926</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 \$1,513,194 as of December 31, 2022.

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>2022</u>	<u>2021</u>
Dues Receivable	\$ 115,872	\$ 120,384
Less Allowance for Uncollectible	<u>(26,929)</u>	<u>(27,304)</u>
Total	<u>\$ 88,943</u>	<u>\$ 93,080</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 - 2022 and \$0 - 2021. 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, 2022

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 36,078	\$ 264,285
Vehicles	<u>18,013</u>	<u>29,492</u>
Total cost	54,091	293,777
Less accumulated depreciation	<u>(26,020)</u>	<u>(284,135)</u>
Property and equipment, net	<u>\$ 28,071</u>	<u>\$ 9,642</u>

Depreciation expense was \$5,071 - 2022 and \$6,503 - 2021.

NOTE 6 - INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Websites	\$ 75,895	\$ 233,468
Less accumulated amortization	<u>(40,949)</u>	<u>(200,885)</u>
Net intangible assets	<u>\$ 34,946</u>	<u>\$ 32,583</u>

Amortization expense was \$22,532 - 2022 and \$17,515 - 2021

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, 2022 and 2021, 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, 2022

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 \$216,578 - 2022 and \$222,972 - 2021.

Minimum future lease payments under the capital lease as of December 31, 2022 are as follows:

2023	\$ 148,941
2024	148,941
2025	148,941
2026	148,941
2027 and thereafter	<u>832,829</u>
Total Minimum Lease Payments	1,428,593
Less Amount Representing Interest Portion	<u>(336,319)</u>
Present Value of Future Payments	<u>\$ 1,092,274</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 \$69,618 - 2022 and \$74,282 - 2021.

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, 2022 and 2021.

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 \$543,357 - 2022 and \$545,782 - 2021.

(See auditors' report.)

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

Notes to Financial Statements

December 31, 2022

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 \$50,000 - 2022 and \$36,000 - 2021, of which none were from non-consolidated entities. As of December 31, 2022, 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 \$2,058,791 - 2022 and \$1,656,882 - 2021. 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.

NOTE 15 - PPP LOAN

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the organization could be materially adversely affected. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

The Chamber obtained a loan of \$257,600 from the Paycheck Protection Program created as part of the Coronavirus Aid, Relief and Economic Security Act. The loan was forgiven August 24, 2021.

(See auditors' report.)

ARANOWSKI & COMPANY

CPAs and Business Advisors

212 EAST LaSALLE AVENUE, SUITE 220
SOUTH BEND, INDIANA 46617
(574) 289-4821 FAX (574) 289-6007

April 20, 2023

**The Chamber of Commerce
of St. Joseph County, Inc.
Schedule of Government Funding
For the Year Ended December 31, 2022**

St. Joseph County Hotel/Motel Tax

Total Funds Received \$2,058,791.00

Total Funds Disbursed \$2,058,791.00

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, 2022 was
\$2,303,791.00