



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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June 3, 2009

Board of Directors
Hendricks County 4-H and Agricultural
Fair Association
1900 E. Main St., P.O. Box 7
Danville, IN 46122

We have reviewed the audit report prepared by Donovan & Thomas, PC, Independent Public Accountants, for the period January 1, 2006 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 Hendricks County 4-H and Agricultural Fair Association, as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

HENDRICKS COUNTY 4-H AND AGRICULTURAL
FAIR ASSOCIATION

FINANCIAL STATEMENTS

For The Years Ended December 31, 2007 and 2006

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Donovan & Thomas

A Professional Corporation

Certified Public Accountants

Robert M. Donovan, CPA

Paul A. Thomas, CPA

Jeffrey M. Donovan, CPA, CVA, CFFA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
Hendricks County 4-H and Agricultural Fair Association
Danville, Indiana

We have audited the accompanying statements of financial position of the Hendricks County 4-H and Agricultural Fair Association (a non-profit organization) as of December 31, 2007 and 2006 and the related statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hendricks County 4-H and Agricultural Fair Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hendricks County 4-H and Agricultural Fair Association as of December 31, 2007 and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

DONOVAN & THOMAS, P.C.

DONOVAN & THOMAS, P.C.

July 9, 2008

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 143,061	\$ 76,600
Property and equipment:		
Buildings	503,635	496,035
Machinery and equipment	556,357	448,890
Land improvements	222,839	164,203
Less accumulated depreciation	<u>(284,566)</u>	<u>(126,156)</u>
Net property and equipment	<u>998,265</u>	<u>982,972</u>
Total assets	<u>\$ 1,141,326</u>	<u>\$ 1,059,572</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Payroll liabilities	<u>\$ 4,577</u>	<u>\$ 8,300</u>
Total current liabilities	4,577	8,300
Net assets	<u>1,136,749</u>	<u>1,051,272</u>
Total liabilities and net assets	<u>\$ 1,141,326</u>	<u>\$ 1,059,572</u>

See independent auditors' report and accompanying notes to financial statements.

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION
 STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
 For the Years Ended December 31, 2007 and 2006

	2007	2006
Revenue:		
Grant revenue	\$ 623,580	\$ 1,342,185
Fair income	177,664	160,603
Rental income	136,560	52,393
Contributions and sponsorships	21,251	1,155
Total revenue	959,055	1,556,336
Operating expenses:		
Depreciation expense	158,410	97,102
4-H expenses	157,348	190,273
Utilities	152,875	78,084
Payroll expenses	127,829	102,419
Insurance	77,606	67,057
Repairs and maintenance	76,805	29,268
Outside services	29,548	13,513
Office expense and supplies	24,718	46,417
Payroll tax expense	13,536	7,116
Employee benefits	11,300	-
Meetings and conventions	9,756	13,913
Marketing and advertising	9,669	1,804
Equipment rental	8,451	-
Telephone	5,683	5,970
Professional fees	5,160	2,270
Bank charges	3,222	35
Contributions	1,929	500
Miscellaneous	638	150
Licenses and permits	-	674
Dues and subscriptions	-	175
Total operating expenses	874,483	656,740
Operating income	84,572	899,596
Other income and (expenses)		
Interest income	70	139
Other income	835	2,927
Loss on sale of equipment	-	(152,884)
Interest expense	-	(213)
Total other income and (expenses)	905	(150,031)
Excess revenues over expenses	\$ 85,477	\$ 749,565
Net assets - beginning of year	1,051,272	301,707
Net assets - end of year	\$ 1,136,749	\$ 1,051,272

See independent auditors' report and accompanying notes to financial statements.

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 85,477	\$ 749,565
Adjustments to reconcile excess revenues to to net cash provided by operating activities:		
Depreciation expense	158,410	97,102
Loss on sale of assets		152,884
Changes in certain assets and liabilities:		
Payroll liabilities	<u>(3,723)</u>	<u>6,502</u>
Net cash provided by operating activities	240,164	1,006,053
Cash flows from investing activities:		
Purchases of fixed assets	(173,703)	(1,012,813)
Proceeds from sale of fixed assets	<u>-</u>	<u>36,414</u>
Net cash provided by operating activities	(173,703)	(976,399)
Cash flows from financing activities:		
Payments on long-term debt	<u>-</u>	<u>(4,385)</u>
Net change in cash and cash equivalents	66,461	25,269
Cash and cash equivalents at beginning of year	<u>76,600</u>	<u>51,331</u>
Cash and cash equivalents at end of year	<u>\$ 143,061</u>	<u>\$ 76,600</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ 98</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to financial statements.

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and 2006

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – The Hendricks County 4-H and Agricultural Fair Association (HC 4-H) was formed in 1938 as a non-profit organization in Hendricks County, Indiana. The organization sponsors an annual fair and other activities in which youth may learn agricultural, consumer, family and home industries and other life skills.

Basis of Accounting – The financial statements are prepared on the cash method of accounting in accordance with generally accepted accounting principles. Under the cash method of accounting, donations and grants are recognized as revenue when they are received and expenses are recognized when they are paid.

Cash Equivalents – HC 4-H considers all cash and interest-bearing deposits in financial institutions to be cash equivalents for purposes of the statement of cash flows.

Cash Deposits in Excess of Insured Limits – HC 4-H maintains cash balances at three financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007 and 2006, HC 4-H's uninsured cash balances totaled \$39,402 and \$0, respectively.

Property and Equipment – Property and equipment are recorded at cost and depreciated over the estimated useful lives of the related assets. The organization is in possession of certain assets owned by Hendricks County. These assets are not reflected in the financial statements.

Income Taxes – HC 4-H qualifies as a not-for-profit organization and is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal or state income tax has been made.

Revenues – HC 4-H's main sources of funding are the annual fair, rental of the conference center, grants and county funding.

Contributed Goods and Services – HC 4-H does not recognize any support, revenue, or expense from goods and services contributed by volunteers. If any support, revenue or expense were recorded, it would be based on the fair market value of the goods and services at the date of contribution.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – PROPERTY LEASE

The organization leases the fairgrounds property from Hendricks County. The lease is a 50 year lease expiring on August 31, 2055. The lease terms require an annual payment of \$1.00 every January.

See independent auditors' report.

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and 2006

NOTE 3 – FIXED ASSET PURCHASES

During 2006, Hendricks County reimbursed HC 4-H for fixed assets purchased for the new fairgrounds. Ownership of these assets remains with HC 4-H; accordingly these assets have been capitalized and will be depreciated over the useful lives. The amount of the reimbursements totaling \$763,109 has been recognized as grant income in 2006. No fixed asset purchases were reimbursed by Hendricks County during 2007.

See independent auditors' report.