



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B35643

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

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

January 28, 2010

Board of Directors  
Lincoln Boyhood Drama Association, Inc.  
15032 N. CR. 300 E., P.O. Box 7-21  
Lincoln City, IN 47552

We have reviewed the audit report prepared by Timothy J. Otte CPA, PC, Independent Public Accountant, for the period October 1, 2007 to September 30, 2008. 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 Lincoln Boyhood Drama Association, Inc., as of September 30, 2008, 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 letters contain six comments.

STATE BOARD OF ACCOUNTS

Timothy J.  Otte CPA, PC

***LINCOLN BOYHOOD DRAMA ASSOCIATION, INC.***

***AUDITED FINANCIAL STATEMENTS***

***SEPTEMBER 30, 2008***

4266 Bell Road, Suite 11 • P.O. Box 308 • Newburgh IN. 47629  
Phone: 812.490.8600 • Fax: 812.490.8601

Member of American Institute of Certified Public Accountants

# TABLE OF CONTENTS

	<b><u>Page</u></b>
Independent Auditor's Report	1
Statement of Assets, Liabilities, and Net Assets- Modified Cash Basis	2
Statement of Support, Revenue, and Expenses- Modified Cash Basis	3
Notes to Financial Statements	4

***INDEPENDENT AUDITOR'S REPORT***

Board of Directors  
Lincoln Boyhood Drama Association, Inc.

We have audited the accompanying statements of assets, liabilities, and net assets- modified cash basis of the Lincoln Boyhood Drama Association, Inc. (a nonprofit organization) as of September 30, 2008, and the related statements of support, revenue, and expenses- modified cash basis for the year then ended. These financial statements are the responsibility of Organization's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Lincoln Boyhood Drama Association, Inc. as of September 30, 2008, and its support, revenue, and expenses for the year then ended, on the basis of accounting described in Note 1.

Newburgh, IN

*Timothy J. Otte CPA PC*  
January 2, 2009

**Lincoln Boyhood Drama Association, Inc.**  
**Statement of Assets, Liabilities, And Net Assets- Modified Cash Basis**  
**September 30, 2008**

**ASSETS**

**Current Assets**

Cash & Cash Equivalents	\$ 83,440
Certificate of Deposit	<u>10,679</u>
Total Current Assets	<u>94,119</u>

**Fixed Assets**

Office Equipment	8,980
Less Accum. Depreciation	<u>(99)</u>
Total Fixed Assets	<u>8,881</u>

Total Assets	<u><u>\$ 103,000</u></u>
--------------	--------------------------

**LIABILITIES & NET ASSETS**

**Current Liabilities**

Payroll Liabilities	<u>\$ 3,606</u>
---------------------	-----------------

<b>Net Assets- Unrestricted</b>	<u>99,394</u>
---------------------------------	---------------

Total Liabilities and Net Assets	<u><u>\$ 103,000</u></u>
----------------------------------	--------------------------

See notes to financial statements

**Lincoln Boyhood Drama Association, Inc.**  
**Statement of Support, Revenue, and Expenses- Modified Cash Basis**  
**For the Year Ended September 30, 2008**

**SUPPORT AND REVENUE**

Contributions	\$ 33,897
Grants	117,160
Interest income	693
Other	16
Total Support and Revenue	<u>151,766</u>

**EXPENSES**

Advertising & Promotion	4,337
Depreciation	99
Insurance	1,692
Interest	64
Internet Services	1,551
Licenses & Fees	14
Miscellaneous	514
Office Supplies	1,550
Organizational Development	13,424
Professional Fees	1,000
Reimbursed Expenses	3,048
Utilities	1,350
Wages & Taxes	28,277
Total Expenses	<u>56,919</u>

**CHANGE IN NET ASSETS- Unrestricted** 94,847

**NET ASSETS- Beginning of Year** 4,547

**NET ASSETS- End of Year** \$ 99,394

See notes to financial statements

**Lincoln Boyhood Drama Association, Inc.**  
**Notes to Financial Statements**  
**September 30, 2008**

**NOTE 1- SIGNIFICANT ACCOUNTING POLICIES**

**Mission-** To produce an inspiring patriotic dramatization of historical events from the life of Abraham Lincoln which portray his character forged here on the Indiana frontier.

**Basis of Accounting-** The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, revenue is recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting include recording depreciation on property and equipment and accruing for payroll taxes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

**Basis of Presentation –** Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The accompanying financial statements include the assets, liabilities, net assets and financial activities maintained by and directly under the administration of the Lincoln Boyhood Drama Association, Inc.

**Federal Income Taxes-** The Organization is exempt under section 501(c)(3) of the Internal Revenue Code.

**Cash and Cash Equivalents-** The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Property and Equipment-** Property and equipment are stated at cost. Provisions for depreciation of property and equipment have been computed on the straight-line method over the estimated useful life.

**Use of Estimates-** The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2- GRANTS**

The Organization was appropriated \$778,450 from the State of Indiana to be for the production of the “Lincoln” Drama. During the fiscal year, \$115,000 was received by the Organization for production expenses.

In addition, the Organization was awarded \$2,460 from the Indiana Arts Commission to be used in operations. During the fiscal year, \$2,160 was received.

# Timothy J. Cotte CPA, PC

To the Board of Directors  
Lincoln Boyhood Drama Association, Inc.

In planning and performing our audit of the financial statements of Lincoln Boyhood Drama Association, Inc. as of and for the year ended September 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Lincoln Boyhood Drama Association, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our 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 of material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

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 a combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a 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 entity's internal control. We believe that the following deficiencies constitute material weakness:

*Due to lack of expertise in preparing financial statements, there is an inadequate design of internal control over preparation of the financial statements.*

*There is a lack of segregation of duties in that most accounting functions are handled by one individual.*

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Newburgh, IN



January 2, 2009

4266 Bell Road, Suite 11 • P.O. Box 308 • Newburgh IN. 47629  
Phone: 812.490.8600 • Fax: 812.490.8601

Member of American Institute of Certified Public Accountants

# Timothy J. Otte CPA, PC

January 2, 2009

The Board of Directors of  
Lincoln Boyhood Drama Association, Inc.

In planning and performing our audit of the financial statements of Lincoln Boyhood Drama Association, Inc. for the year ended September 30, 2008, we considered the Organization's internal control structure in order to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented on the following pages for your consideration. This letter does not affect our report dated January 2, 2009 on the financial statements of Lincoln Boyhood Drama Association, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure and result in other operating efficiencies. We would be happy to discuss any of the matters described on the following pages with you at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

## **Bank Reconciliations**

We recommend that the preparation of bank reconciliations be prepared using the "Quickbooks software. This will show all deposits and checks that cleared as well as all uncleared deposits and checks. It will ensure accuracy of the accounts and eliminate possible manual errors. It should be noted that during our audit we discovered no incorrect balances of the bank accounts. We also recommend that the Treasurer from the board of directors initial the completed bank reconciliation. This will ensure that a proper review of the reconciliation was conducted.

## **Establish a Threshold for Dual Signatures on checks**

We recommend that you establish a disbursement threshold in which all disbursements over a specific amount would require two signers. This would allow additional oversight over significant disbursements.

## **Capitalization Policy**


There is no established guideline concerning which property and equipment acquisitions are to be capitalized. We recommend that the Board establish a minimum amount threshold for capitalization of assets and expense items below the threshold. This will result in a more uniform treatment of property and equipment.

## **Organization Structure**

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Organization to provide oversight and independent review functions.

This report is intended solely for the information and use of the board of directors and management of Lincoln Boyhood Drama Association, Inc. and is not intended to be used by anyone other than these specified parties.

Sincerely,

Handwritten signature of Timothy J. Otte, C.P.A., P.C. in black ink.

Timothy J. Otte, C.P.A., P.C.  
Newburgh, IN

# Timothy J. Otte CPA, PC

January 2, 2009

Lincoln Boyhood Drama Association, Inc.  
P.O. Box 721  
Lincoln City, IN 47552-0721

We have audited the financial statements of Lincoln Boyhood Drama Association, Inc. for the then year ended September 30, 2008 and have issued our report thereon dated January 2, 2009. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 15, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on December 15, 2008.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by Lincoln Boyhood Drama Association, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended September 30, 2007. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements other than depreciation.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of any accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee and management of Lincoln Boyhood Drama Association, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
Timothy J. Otte, C.P.A., P.C.