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B39556

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

October 17, 2011

Board of Directors
Daviess County Historical Society, Inc.
P.O. Box 2341
Washington, IN 47501

We have reviewed the audit report prepared by Parsons & Associates, PC, Independent Public Accountants, for the period January 1, 2008 to December 31, 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 Daviess County Historical Society, Inc., as of December 31, 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.

STATE BOARD OF ACCOUNTS

Daviess County Historical Society, Inc.
Washington, Indiana

Financial Statements
December 31, 2008



PARSONS & ASSOCIATES, PC

Certified Public Accountants

Daviess County Historical Society, Inc.
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PARSONS & ASSOCIATES, PC

3 Sullivan Drive • Washington, Indiana 47501
(812) 254-1623 • FAX (812) 254-1699

Independent Auditors' Report

Board of Directors
Daviness County Historical Society, Inc.
Washington, Indiana

Ladies and Gentlemen

We have audited the accompanying statement of financial position of Daviness County Historical Society, Inc., (a nonprofit organization) as of December 31, 2008, and the related statement of activities and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 statement 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 Daviness County Historical Society, Inc., as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Certified Public Accountants
Washington, Indiana

September 25, 2009

Daviess County Historical Society, Inc.
Statement of Financial Position
Year Ended December 31, 2008

2008

Assets

Current Assets

Cash in banks \$ 42,865

Land 5,000

Buildings and improvements 352,492

Furniture and office equipment 872

358,364

Less: Accumulated depreciation 12,803

345,561

\$ 388,426

Liabilities and Net Assets

Current Liabilities

Accrued liabilities 1,086

Current portion long term debt 8,758

9,844

Long Term Liabilities

Long term debt 266,333

266,333

Net Aseets

Unrestricted \$ 112,249

\$ 388,426

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

Daviess County Historical Society, Inc.
 Statement of Activities
 Year Ended December 31, 2008

2008

Revenues and Other Support

Memberships and private support	\$	14,473
Governmental support		100,000
Grants		8,000
Admission fees		935
Other income		1,570
Gross Profit		<u>124,978</u>

Allocations and Other Functional Expenses

Advertising		1,626
Building expense		22,895
Depreciation		7,397
Dues & subscriptions		655
Fundraising		7,033
Interest		23,284
Mileage		805
Miscellaneous		412
Office expense		4,217
Payroll taxes		4,240
Professional fees		-
Salaries and wages		41,217
Training		434
Utilities		15,997
		<u>130,212</u>

Change in Net Assets (5,234)

Net Assets at Beginning of Year 117,483

Net Assets at End of Year \$ 112,249

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

Daviess County Historical Society, Inc.
 Statement of Cash Flows
 Year Ended December 31, 2008

2008

Cash Flows from Operating Activities	
Net income	\$ (5,234)
Adjustment to reconcile net income to net cash provided by operations	
Depreciation	7,397
Increase (Decrease) in:	
Accrued liabilities	<u>2,003</u>
Net Cash Provided (Used) by Operating Activities	4,166
 Cash Flows from Investing Activities	
Purchase of Property and Equipment	<u>(83,602)</u>
Net Cash Provided (Used) by Investing Activities	(83,602)
 Cash Flows from Financing Activities	
Issuance of long term debt	-
Payments on long term debt	<u>(8,341)</u>
Net Cash Provided (Used) by Financing Activities	(8,341)
 Net increase (decrease) in cash	 (87,777)
 Cash at Beginning of Year	 <u>130,642</u>
 Cash at End of Year	 \$ <u><u>42,865</u></u>

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The organization was formed to preserve historical information and items. The purpose is accomplished through the operation of the Daviess County Museum, community service presentations, and other related activities. The organization's primary support comes from Daviess County, the Visitors Bureau, grants and rent with other support from admissions, dues and other activities.

The Daviess County Historical Society, Inc is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Property, improvements and Equipment

Property, improvements and equipment are capitalized at cost. It is the organization's policy to capitalize improvements and purchases of equipment and expense lesser amounts as repairs and maintenance. Property and improvements are depreciated over estimated useful lives of thirty nine years and furniture and equipment over estimated useful lives of three to seven years.

Accounting for Revenue

The organization receives its support primarily through funds from the Daviess County Treasurer as a result of an allotment from the County Council. the Visitors Bureau, grants and rent with other support from admissions, dues and other activities.

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 reported period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The organization measures financial assets and liabilities in accordance with generally accepted accounting principles. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. For certain of the Organization's financial instruments, including cash, accounts receivable and payables, the carrying amount approximates fair value because of their short maturities. None of the financial instruments are held for trading purposes.

Davless County Historical Society, Inc.
Notes to the Financial Statements
December 31, 2008

Cash and Cash Equivalents The organization considers all liquid investments acquired with a maturity of three months or less to be cash equivalents. Cash equivalents, at December 31 2008, consisted of checking and savings accounts.

Related Party Transactions There are no related party transactions.

NOTE 2: NOTES PAYABLE

The note is payable to First National of Odon for a demand loan dated October 19, 2007 for an original amount of \$283,432.14 with a 15 year term if no demand is made. The note has an interest rate of 7.25% and is payable in annual payments of \$31,624.63 including principal and interest. The note is secured by property. The current balance of the note is \$275,091.15. Future payments are as follows:

2010	\$ 11,892.36
2011	12,770.19
2012	13,712.81
2013	14,725.00
Thereafter	<u>221,990.79</u>
Total	<u>\$275,091.15</u>

NOTE 3: DONATED SERVICES

The organization receives a significant amount of donated services from unpaid volunteers and other organizations that assist in fundraising, special projects and other services for the organization. No amounts have been recognized in the statement of activities because the criteria for recognition has not been satisfied.