

**CHAMBER OF COMMERCE
OF SAN LUIS OBISPO, INC. AND SUBSIDIARY**

**INDEPENDENT AUDITORS' REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended
June 30, 2009

CHAMBER OF COMMERCE OF SAN LUIS OBISPO, INC.
AND SUBSIDIARY
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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Independent Auditors' Report

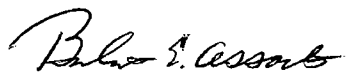
Board of Directors
Chamber of Commerce of San Luis Obispo, Inc.
And Subsidiary
San Luis Obispo, California

We have audited the accompanying consolidated statement of assets, liabilities, and net assets – modified cash basis of the Chamber of Commerce of San Luis Obispo, Inc. and Subsidiary, as of June 30, 2009, the related consolidated statement of revenue, expenses, and other changes in net assets – modified cash basis and the consolidated schedule of revenue and support and consolidated schedule of expenses for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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.

As described in Note 1, these consolidated financial statements were prepared on a modified cash basis, 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 Chamber of Commerce of San Luis Obispo, Inc. and Subsidiary as of June 30, 2009 and its revenues, expenses and other changes in net assets for the year then ended, on the basis of accounting described in Note 1.


BURKART & ASSOCIATES
an Accountancy Corporation

January 11, 2010

**CHAMBER OF COMMERCE OF SAN LUIS OBISPO, INC.
AND SUBSIDIARY**
CONSOLIDATED STATEMENT OF
ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
For the Year Ended June 30, 2009

ASSETS

Current assets

Cash on hand

\$ 400

Cash and cash equivalents

419,724

Total current assets

420,124

Property and equipment, net (Notes 1 & 2)

61,764

Total assets

481,888

LIABILITIES AND NET ASSETS

Current liabilities

Employee health

270

Total liabilities

270

Net assets

Unrestricted

481,618

Total liabilities and net assets

\$ 481,888

**CHAMBER OF COMMERCE OF SAN LUIS OBISPO
AND SUBSIDIARY**
**CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND OTHER
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS**
 For the Year Ended June 30, 2009

	Unrestricted
<i>Revenue and support</i>	\$ 1,148,201
<i>Expenses</i>	1,205,030
<i>Change in net assets from operations</i>	(56,829)
<i>Net assets as of beginning of year</i>	538,447
<i>Net assets as of end of year</i>	\$ 481,618

See accountants' audit report and accompanying notes

**CHAMBER OF COMMERCE OF SAN LUIS OBISPO
AND SUBSIDIARY**

**CONSOLIDATED SCHEDULE OF REVENUE AND SUPPORT
MODIFIED CASH BASIS**

For the Year Ended June 30, 2009

Revenue and support

	Unrestricted
Advertising	\$ 221,181
Donations	6,827
Interest	11,859
Legislative Meetings	9,121
Local government revenue (Note 3)	134,875
Management contracts (Note 4)	26,000
Membership dues	442,897
Other income	3,039
Programs and special projects	239,626
Sales	52,776
Total revenue and support	\$ 1,148,201

See accountants' audit report and accompanying notes

**CHAMBER OF COMMERCE OF SAN LUIS OBISPO
AND SUBSIDIARY**

**CONSOLIDATED SCHEDULE OF EXPENSES
MODIFIED CASH BASIS**

For the Year Ended June 30, 2009

Expenses

Programs and special projects	\$ 109,733
Publication projects	77,250
Salaries	638,510
Payroll taxes	53,667
Staff expenses	17,772
Staff development	3,800
Pension plan contribution (Note 5)	52,769
Insurance	55,848
Rent	57,701
Automobile expense	1,087
Security	437
Contract labor	4,717
Janitorial	7,695
Utilities and telephone	19,967
Repairs and maintenance	2,773
Computer supplies and service	12,206
Depreciation (Notes 1 and 2)	12,775
Cost of goods sold	5,915
Office supplies and postage	26,857
Professional fees and services	4,000
Graphics and photo supplies	2,970
Dues and subscriptions	3,113
Copy supplies and services	3,628
Taxes - property, sales, and other	1,258
Meeting expense	5,982
Miscellaneous	2,893
Bank and service charges	13,754
Internet website	5,953
Total expenses	\$ 1,205,030

See accountants' audit report and accompanying notes

CHAMBER OF COMMERCE OF SAN LUIS OBISPO, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

The Chamber of Commerce of San Luis Obispo, Inc. ("Chamber") is a California nonprofit public benefit corporation organized to promote the economic, social, civic, and cultural welfare of the San Luis Obispo area. The Chamber is a membership organization, whose two main functions are the promotion of economic development and legislative representation of its members. Its services include promoting tourism, operating a visitor's center, providing relocation information and advice, and employment of a full-time lobbyist. The Chamber is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(6).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The consolidated financial statements include the accounts of the Chamber of Commerce of San Luis Obispo, Inc. and its wholly owned subsidiary, San Luis Obispo Chamber of Commerce Services, Inc., ("Services") a for profit California Corporation. All material inter-company transactions have been eliminated. The consolidated financial statements are presented on the modified cash basis. Accordingly, revenues are recognized when received rather than when earned and expenses are recognized when paid, rather than when the obligation is incurred. The modification of the cash basis includes: recording a loan receivable, capitalizing acquisitions of fixed assets, recording depreciation of fixed assets, security deposits and generally recording barter/trade transactions. Net assets are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. Due to the nature of revenue and support received all of the Chamber's net assets are unrestricted.

Cash and Cash Equivalents – For financial statement purposes, cash and cash equivalents include cash in checking, savings, and highly liquid investments due to mature within ninety days held in accounts with financial institutions.

Revenue – Revenues and contributions are recognized when received. The Chamber receives the majority of its revenues from membership dues, advertising fees, management contracts with other agencies, programs and special projects, and service contracts with the City of San Luis Obispo for promotional services.

Fixed Assets – Property and equipment are recorded at cost at date of acquisition or at fair market value when contributed. Depreciation is computed by using the straight-line method over the estimated useful life of the assets. The Chamber's policy is to capitalize fixed asset purchases that are greater than two hundred dollars. (Note 2)

Leases – All leases that meet the criteria for capitalization are classified as capital leases. As of year-end there were no such leases. Leases that do not meet such criteria are classified as operating leases and related rentals are charged to expense as incurred. (Note 3)

CHAMBER OF COMMERCE OF SAN LUIS OBISPO, INC.
AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Income Taxes – The Chamber is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. San Luis Obispo Chamber of Commerce Services is a for profit organization.

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 may differ from those estimates.

NOTE 2: PROPERTY AND EQUIPMENT

At June 30, 2009 property and equipment consist of the following:

Machinery and equipment	\$ 3,690
Furniture and Fixtures	24,790
Office equipment	19,505
Computer and software	44,414
Vehicles	29,099
Leasehold improvements	<u>52,036</u>
	173,534
Less: Accumulated Depreciation	<u>(111,770)</u>
Net property and equipment	<u><u>\$ 61,764</u></u>

NOTE 3: LOCAL GOVERNMENT REVENUE

The city of San Luis Obispo contracted with the Chamber to perform certain visitor and tourism information activities for individuals and organizations interested in the San Luis Obispo area. In exchange for these services the Chamber received \$134,875 for the year ending June 30, 2009.

NOTE 4: MANAGEMENT CONTRACT

The San Luis Obispo Community Leadership Foundation, a 501(c)(3) organization, contracts with the Chamber to perform management services. In exchange for these services the Chamber was budgeted to receive \$38,000 per year by the Leadership Foundation. During the year ending June 30, 2009 the Chamber received \$26,000.

CHAMBER OF COMMERCE OF SAN LUIS OBISPO, INC.
AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5: PENSION PLAN

The Chamber contributes to a defined contribution pension plan. The plan covers all employees over the age of twenty-one who have been employed for one year or more and who have worked a minimum of one thousand hours. The Board of Directors determines the amount to be contributed to the plan at the first meeting of the new fiscal year. Historically the Chamber has contributed ten percent of the annual compensation for all eligible employees. During the year ending June 30, 2009, the Chamber contributed \$50,049 and administration fees amounted to \$2,720 for a total of \$52,769.

NOTE 6: COMMITMENTS

On January 1, 2002 the Chamber entered into a ten-year lease agreement to hire premises for its principal offices and Visitor's Center. The lease calls for minimum monthly payments of \$4,090 to be adjusted annually on January 1, based on increases in the Consumer Price Index (CPI). Future minimum lease payments excluding CPI increase are as follows:

	<u>Year</u>	<u>Amount</u>
For the year ending June 30,	2010	\$ 51,692
	2011	51,692
	Thereafter	<u>25,576</u>
Total		<u>\$ 128,960</u>

NOTE 7: EMPLOYEE BONUSES

During the year ending 6/30/09 the Chamber paid bonuses of \$ 101,140 which were calculated for the year ended 6/30/08. The bonuses for the year ending 6/30/09 will be \$ 17,661 and will be paid in the year ending 6/30/10.

NOTE 8: CONCENTRATION OF CREDIT RISK

The Chamber maintains its operating cash, reserve cash, and CD accounts at an institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.