

# MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

## Grant Application

Fiscal Year 2013

### IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- Application is available at [www.mckinneycdc.org](http://www.mckinneycdc.org); by calling 214.544.0296 or by emailing [cgibson@mckinneycdc.org](mailto:cgibson@mckinneycdc.org)
- Please call to discuss your plans for submitting an application in advance of completing the form provided. Completed application and all supporting documents are required to be submitted electronically or on a CD for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation  
5900 S. Lake Forest Blvd., Suite 110  
McKinney, TX 75070

- If you are interested in a preliminary review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at [www.mckinneycdc.org](http://www.mckinneycdc.org), by calling 214.544.0296 or emailing [cgibson@mckinneycdc.org](mailto:cgibson@mckinneycdc.org).

**Applications must be completed in full, using this form, and received by MCDC, electronically or on a CD, by 5:00 p.m. on the date indicated in schedule below.**

### Please indicate the type of funding you are requesting:

- Project Grant**  
Quality of Life projects that advance the mission of MCDC and are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines).

**xPromotional Activity or Community Event Grant (maximum \$15,000)**

Initiatives, activities and events that promote the City of McKinney for the purpose of developing new or expanded business opportunities and/or tourism – and enhance quality of life for McKinney residents.

### Promotional Activity and/or Community Event Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: December 20, 2012	January 2013	February 2013
Cycle II: June 28, 2013	July 2013	August 2013

### Project Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 31, 2013	February 2013	March 2013
Cycle II: April 30, 2013	May 2013	June 2013
Cycle III: July 31, 2013	August 2013	September 2013

## APPLICATION

### ORGANIZATION INFORMATION

Name: McKinney Chamber of Commerce

Federal Tax I.D.: 75-0428690

Incorporation Date: October 14, 1947

Mailing Address: 2150 S. Central Expressway, Ste 150

City McKinney

ST: Texas

Zip: 75070

Phone: 972-542-0163

Fax: 972-548-0876

Email: Jodi@mckinneychamber.com

Website: www.mckinneychamber.com

#### Check One:

- Nonprofit – 501(c) Attach a copy of IRS Determination Letter
- Governmental entity
- For profit corporation
- Other

Professional affiliations and organizations to which your organization belongs: American Chamber of Commerce Executives, US Chamber of Commerce, Texas Chamber of Commerce Executives, Association of Leadership Professionals

### REPRESENTATIVE COMPLETING APPLICATION:

Name: Jodi Ann LaFreniere Ray, CCE

Title: President & CEO

Mailing Address: 2150 S. Central Expressway, Ste 150

City: McKinney

ST: Texas

Zip: 75070

Phone: 972-542-0163

Fax: 972-548-0876

Email: jodi@mckinneychamber.com

**CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:**

Name: same

Title:

Mailing Address:

City:

ST:

Zip:

Phone

Fax:

Email:

**FUNDING**

Total amount requested: \$12,705.00

**PROJECT/PROMOTIONAL ACTIVITY/COMMUNITY EVENT**

Start Date: August 1, 2013

Completion Date: July 31, 2014

**BOARD OF DIRECTORS** *(may be included as an attachment)*

**Attached**

**LEADERSHIP STAFF** *(may be included as an attachment)*

**Jodi Ann LaFreniere Ray, CCE, IOM President**

**Deb Fitzgerald, IOM**

**Director of Membership and Leadership Development**

**Peggy Smolen**

**Director of Communications**

**Using the outline below, provide a written narrative no longer than 7 pages in length:**

**I. Applying Organization**

Describe the mission, strategic goals and objectives, scope of services, day to day operations and number of paid staff and volunteers.

The McKinney Chamber of Commerce is an advocate for the McKinney business community and serves as the unified business voice of McKinney. The McKinney Chamber of Commerce is the fourth largest Chamber in the Metroplex and holds a four-star accreditation with the U.S. Chamber of Commerce. The Chamber proudly serves over 1,200 member businesses representing over 39,000 employees throughout the North Texas Region with our mission of empowering our members to achieve economic success. With a rich heritage of leadership and collaboration, the Chamber works in concert with the City of McKinney, community partners and the corporate community to promote, advocate for and expand business. As publisher of McKinney Magazine, McKinneyOnline and McKinney Chamber.com, the McKinney Chamber markets the community's advantages as the foremost location for doing business.

The Chamber of Commerce is governed by a board of directors elected from and by the membership. A professional staff of 13 implements the mission and vision that is set by the board of directors.

Disclose and summarize any significant, planned organizational changes and describe their potential impact on the Project/Promotional Activity/Community Event for which funds are requested.

We have greatly expanded our communication capabilities in the past 15 months allowing us to expand the reach of the Buy Local campaign. We have launched new websites for the McKinney Chamber and Buy Local as well as added a new website as a digital component to McKinney Magazine called mckinneynonline.com. In addition, we now have a robust social media plan that reaches between 10,000 and 15,000 per week.

**II. Project or Promotional Activity/Community Event (whichever is applicable)**

- Outline details of the Project/Promotional Activity/Community Event for which funds are requested. Include information regarding scope, goals, objectives, target audience.

Our objective is to gain greater general awareness by businesses and residents alike that spending your dollars in your community vs. outside your community has substantial positive impact on your community. Our goal is to encourage residents and businesses to make every effort to spend their dollars in McKinney before shopping outside our community. It is an ongoing marketing and promotion campaign that targets both businesses and residents.

The McKinney Chamber of Commerce rebranded the buy local initiative. Originally, McKinney First – Be Vocal, Buy Local!, the messaging was unclear. Now, Buy Local – McKinney First!, the initial call to action is unquestionable. The website, McKinneyFirst.com has been simplified, focused on a blog-like module where content is current and relevant.

The campaign received two excellence in communications recognitions for 2012: American Chamber of Commerce Executives Award of Excellence and the Texas Chamber of Commerce

Executives Third Place Award of Excellence for marketing campaigns in the large chamber division.

#### Design

Considerations included streamlining the typeface and relating the color palette to the Chamber and City while maintaining the correlation to money. The logo is bold and tells a story without a slogan or further messaging. Including the website as an added functional element makes the message specific to our community.

#### Kickoff

The Buy Local campaign was re-launched over Thanksgiving weekend 2012 in conjunction with the busiest shopping season of the year and the American Express Small Business Saturday.

- At this time, Chamber staff and volunteers worked at the City's annual holiday festival. Visitors were invited to guess the number of green candies by providing their contact information.
  - Promotional products were shared.
  - iPads were available for staff to demonstrate and direct guests to McKinneyFirst.com for participation as well.
- **For Promotional Grants/Community Events** – describe how this initiative will promote the City of McKinney for the purpose of business development and/or tourism.

A strong buy local initiative indicates to prospective and existing businesses along with entrepreneurs that the City and community care about their success and are making every attempt to educate consumers of the importance of supporting local businesses and the contributions that independent businesses make to a community's economic health and well-being.

- Describe how the proposed Project/Promotional Activity/Community Event fulfills strategic goals and objectives for the organization.

The Buy Local Initiative allows us to demonstrate that we are committed to the success of the businesses that are located here, develop additional resources to be reinvested in community and economic development through sales tax revenue and continues to build pride and support for our community.

- Please also include planned activities, time frame/schedule, and estimated attendance and admission fees if applicable.  
2013 Promotional Calendar is attached

What is the venue/location for Project/Promotional Activity/Community Event?

We will develop a sustained presence throughout the year at chamber events, three major community events including, Bike The Bricks, Oktoberfest and Dickens of a Christmas as well as a regular presence in McKinney Magazine, mckinnychamber.com, mckinneyonline.com, mckinneyfirst.com and through our social media channels.

- Provide a timeline for the Project/Promotional Activity/Community Event.  
Buy Local is an ongoing community outreach and awareness campaign that takes place all year long.

- Detail goals for growth/expansion in future years.  
We would like to increase the number of partners that support the Buy Local initiative with both financial and inkind contributions.

**Provide specific information to illustrate how this Project/Promotional Activity/Event will enhance quality of life and further business development in the City of McKinney, and support one or more of MCDC’s goals:**

- Develop and strengthen community amenities to improve quality of life
- Support projects eligible for Type B support under state law
- Contribute to economic development within McKinney
- Strengthen relationships with our partners
- Maintain financial sustainability

McKinney is situated in a large Metropolitan area where many people have access to retail, restaurants, as well as various other services, products and goods in multiple cities within short driving distances. The challenge is to make the public aware that shopping locally has many benefits.

The Buy Local campaign evolved from numerous discussions regarding what the Chamber could do to help create awareness of shopping McKinney first. The idea is to enhance the quality of life in McKinney by getting the message out to “Shop McKinney First.”

Studies in other communities that have adopted buy local campaigns report significant changes in purchasing behavior that has had the following effects on the community:

58% are more deliberate in choosing local, independent businesses. As a result of our “Take the Pledge” campaign, more than 110 businesses have pledged to shift 5% of the money spent outside McKinney to a local vendor.

92% of participating businesses recommend the program to other businesses

Cities that have buy local campaigns report larger increases in holiday sales than cities without such campaigns

Encourages Community - Locally owned business contribute more than twice as much of their revenue to local charities than larger chains do

**Has a request for funding, for this Project/Promotional Activity/Community Event, been submitted to MCDC in the past?**

X Yes                       No

**III. Financial**

- Provide an overview of the organization’s financial status including the impact of this grant request.

The McKinney Chamber of Commerce is in a sound financial position. We completed 2012 in the black and during the 2012 fiscal year reached our operating reserve fund target. A reserve fund policy dictates how and when those funds can be used.

We have the ability to dedicate staff resources to the Buy Local, McKinney First! Campaign as well as tremendous exposure through our print and online media. This grant will allow us to significantly broaden the campaign by covering the cost of our other out of pocket marketing and outreach activities.

- Please attach your budget for the current year and audited financial statements for the preceding two years. If financials are not available, please indicate why.  
Attached

**What is the estimated total cost for this Project/Promotional Activity/Community Event?**

**\$41,130.00**

**(Please include a budget for the proposed Project/Promotional Activity/Community Event.)**

**What percentage of Project/Promotional Activity/Community Event funding will be provided by the Applicant? 69%**

**Are Matching Funds available?**  Yes  No

**Are other sources of funding available?** *If so, please list source and amount.*

Not at this time.

**Have any other federal, state, or municipal entities or foundations been approached for funding?** *If so, please list entity, date of request and amount requested.*

Yes, the City of McKinney provided \$10,000 in seed funding in 2009.

#### **IV. Marketing and Outreach**

Describe marketing plans and outreach strategies for your organization and for the Project/Promotional Activity/Community Event for which you are requesting funding – and how they are designed to help you achieve current and future goals.

The McKinney Chamber will continue a community wide marketing initiative to inform, educate and inspire citizens to embrace supporting their community in all purchasing efforts. We will utilize targeted marketing avenues to repeatedly influence business and consumers and their buying habits.

## **MESSAGING**

Articles have been consistently published on McKinneyChamber.com and McKinneyOnline.com (with a combined 18,000 visitors/month) and distributed through the Chamber's member newsletter boasting the benefits of buying local, all while using the rebranded logo. Articles, advertisements and consistent mentions are included in McKinney Magazine (with a distribution of more than 47,000 copies per issue). Advertisements feature local merchant storefront photography, taken by local photographers.

We would like to expand our messaging and reach by focusing on additional content creation. We plan to work with local writers, photographers and designers to develop **24 Blog Posts/Articles** (2 per month for 12 months), the cost of which will include writing, research, and interviews that we can use on our websites, social media, as press releases or guest columns.

In addition, we will create 12-20 **Meet Our Merchants Features** which will include a brief story about a local merchant and their story to be able to create personal connections between residents and local merchants. Each profile will include a brief write up and photo and then would like to their website. The cost would include our out of pocket expense for writing, interviews, photography and design. We would use the Meet our Merchants features on the web and through social media.

## **COLLATERAL MATERIALS**

The reach of our campaign has been significantly expanded this year with the use of collateral materials. We would like increase our reach and continue distribution in 2013. We have distributed more than 300 merchant kits by mail to McKinney businesses that included a letter about the Buy Local campaign, information about how to leverage a buy local campaign as a retailer, stickers and a window cling. We would like to purchase additional materials for distribution. See specific items and quantities outlined in the program budget.

## **MERCHANT KITS**

Complimentary merchant kits were designed and hand delivered to more than 100 merchants. Each kit includes Buy Local mints and a dish for retail establishments, window cling, and collateral outlining the benefits of buying local and a buy local campaign as well as stickers to use on outgoing receipts or packaging. We will have additional merchant kits available to welcome new businesses and retail establishments to the community.

## **COMMUNITY EVENTS**

We think it is important to have a physical presence at major community events to reinforce the messaging of the campaign. We plan to have display space at Oktoberfest, Bike the Bricks and Dickens of a Christmas. We will purchase a table top banner, have campaign materials available as well as a promotion or giveaway.



## **SOCIAL MEDIA**

Social media has proven to be a great way to spread the message of the campaign and invite members of the community to interact and participate. We have grown the Buy Local McKinney First Facebook presence to 790 followers and the McKinney Chamber and McKinney Magazine to over 2,220 each. We will execute five social media campaigns during the year to promote the Buy Local initiative including 12 Days of Christmas, Spring Thing, Race into Summer, Celebrate Your Independents, Back to School. Participating local merchant who offer a special deal or promotion also help publicize the promotion in their storefront, at their register and with their existing customer base.

## ***MCKINNEY MAGAZINE***

Targeted advertising has been placed in *McKinney Magazine* with 47,000 copies mailed to businesses and residents to inform the community of the specific benefits they receive from supporting their local businesses, from supporting fire and police services to expanding parks and recreational facilities. Advertisements featured storefronts of local merchants with images taken by local photographers. We have a regular presence for the Buy Local campaign scheduled for 2013/2014 in *McKinney Magazine*.

## **WEB PRESENCE**

The Buy Local McKinney First! Website serves to educate and inform containing facts and useful tips on how to keep our economy growing by choosing to buy from local merchants. This site is accessible through the McKinney Chamber's existing website, and also as a separate web address, [www.McKinneyFirst.com](http://www.McKinneyFirst.com).

## **BUY LOCAL MCKINNEY FIRST PLEDGE**

To date, 124 McKinney based businesses pledge to shift 5% of their business spending back to a local McKinney vendor. Our goal is to have at least 250 businesses take the Buy Local Pledge.

## **BILLBOARD ADVERTISING**

We have discussed the possibility of billboard advertising in past years. We would like to use this avenue to increase overall awareness of the campaign and Buy Local messaging. We would like to select two locations and run billboard advertising for two months in order to determine the effectiveness of this method of outreach and advertising. We can choose any location however the two proposed sample locations are at 380W at Bridge Farmer Road and Hwy 5 Sbound 1.6 miles from 121. Total daily traffic past these two locations is approximately 67,000.

## **COMMUNITY PARTNERS**

With the collaborative efforts of our Community Partners, McKinney Main Street, McKinney ISD, and the City of McKinney, this project is spreading through the community. Together, we have the ability to effect positive change in our local economy.

## V. Metrics to Evaluate Success

Outline the metrics that will be used to evaluate success of the proposed Project/Promotional Activity/Community Event. If funding is awarded, a final report will be required summarizing success in achieving objectives outlined for the event.

In order to measure the reach and impact of the campaign we will evaluate year over year sales tax receipts and more specifically:

- The number of residents and businesses we reach at community events
- The number of businesses and consumers that take the Buy Local Pledge
- Social Media Reach
- Website Visitors

## Acknowledgements

***If funding is approved by the MCDC board of directors, Applicant will assure:***

- The Project/Promotional Activity/Community Event for which financial assistance is sought will be administered by or under the supervision of the applying organization;
- All funds awarded will be used exclusively for the purpose described in this application;

### **Acknowledgements - continued**

- MCDC will be recognized in all marketing, outreach, advertising and public relations as a funder of the Project/Promotional Activity/Community Event. Specifics to be agreed upon by applicant and MCDC and included in an executed Performance Agreement;
- Organization's officials who have signed the application are authorized by the organization to submit the application;
- Applicant will comply with the MCDC Grant Guidelines in executing the Project/Promotional Activity/Community Event for which funds were received.
- A final report detailing the success of the Project/Promotional Activity/Community event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotional Activity/Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotional Activity/Community Event with submission of invoices/receipts to MCDC. The final 20% will be forwarded upon MCDC's receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final report on the Project/Promotional Activity/Community Event.
- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120<sup>th</sup> day after the date the MCDC notifies the applicant of the violation.

**We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.**

**Chief Executive Officer**

Signature

Jodi Ann LaFreniere Ray, CCE  
Printed Name

June 25, 2013  
Date

**Representative Completing Application**

Signature

Jodi Ann LaFreniere Ray, CCE  
Printed Name

June 25, 2013  
Date

***INCOMPLETE APPLICATIONS, OR THOSE RECEIVED AFTER THE DEADLINE, WILL NOT BE CONSIDERED.***



# BOARD MEMBERS

# McKinney Chamber of Commerce

## 2013 Board of Directors

---

**Ernest C. Lynch III, Chair**  
Medical Center of McKinney

**Raj Bhargava, Immediate Past Chair**  
*Manner Plastics*

**Ray Eckenrode, Chair Elect**  
Appian Commercial

**Matt Hilton, Treasurer**  
Step Up Realty

**Michael Baldwin, Treasurer**  
*ONCOR*

**Justin Beller**  
LegacyTexas Bank

**Mary Clark**  
*McKinney ISD*

**Rob Daake**  
City of McKinney

**Brad Donovan**  
Encore Wire

**Carl Kist**  
Raytheon

**Jodi Ann LaFreniere Ray, CCE**  
McKinney Chamber

**Sarah Marshall**  
Texan Wealth Management

**Matt McGuire**  
Higginbotham & Associates

**Ben Pogue**  
Pogue Construction

**Michael Puhl**  
Puhl, Berbarie and Hewett

**Karen Zupanic**  
J Preston Automation



# FINANCIALS

**McKinney Chamber of Commerce, Inc.**  
**Profit & Loss Budget Overview**  
 January through December 2013

	<u>Jan - Dec 13</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
40001 · Membership services revenue	796,950.00
42444 · McKinney Magazine Postage Inc	118,636.80
50000 · Advocacy Income	45,500.00
51050 · Business Development Income	7,090.00
51000 · Community Development Income	142,984.00
50211 · Administrative Income	188,600.00
54000 · PAC Reimbursements	2,500.00
55000 · Other revenue	(240.00)
<b>Total Income</b>	<u>1,302,020.80</u>
<b>Expense</b>	
82000 · Membership Expense	17,706.00
82999 · Women's Alliance	11,275.00
82699 · Luncheons Expense	8,000.00
84999 · Membership Services - Other	65,133.04
86000 · Advocacy Expense	50,480.00
89950 · Business Development Expenses	1,450.00
70000 · McKinney Magazine Postage Exp	118,636.80
83950 · Community Development Expense	55,270.00
90000 · Personnel & benefits	681,187.20
91000 · Facility costs	151,884.00
92000 · General administrative expense	42,130.00
93000 · Office operations	57,198.04
<b>Total Expense</b>	<u>1,260,350.08</u>
<b>Net Ordinary Income</b>	41,670.72
<b>Other Income/Expense</b>	
<b>Other Income</b>	
99710 · Interest income	5,400.00
<b>Total Other Income</b>	<u>5,400.00</u>
<b>Net Other Income</b>	5,400.00
<b>Net Income</b>	<u><u>47,070.72</u></u>



**BUY LOCAL – MCKINNEY FIRST! 2013-2014 BUDGET**

**CONTENT CREATION**

*24 Blog Posts/Articles* \$1,800.00  
(2 per month for 12 months) Includes Writing, Research, and Interviews  
Used on web, social media, press releases, guest columns  
Local Providers: LC Tobey, Chris Foster

*Meet Our Merchants Features* \$2,450.00  
Includes Writing, Interviews, Professional Photo and Design  
Used on web and social media  
Local Providers: Rick Atkinson, Gwen Guess Photography, Lachelle Designs

**COLLATERAL MATERIALS** \$2,300.00

Buy Local Window Clings -500 quantity  
Buy Local Stickers – 1,000 quantity  
Promotion Items - 250 quantity  
New Resident Bags - 3,000 quantity  
Mints for Merchant Kits – 5,000 quantity  
Point of Service containers for Merchant Kits – 250 quantity  
Local Providers: Minuteman Press, Payton Group, Color It Graphic

**PRINTING** \$1,450.00

Merchant Kits – 200 quantity  
Promotional Posters for four social media campaigns – 4 campaigns at 50 each  
Postcards/Letters  
Tabletop Banner for Events  
Local Providers: Print Art, Advanced Embroidery Minuteman Press, Michaels

**COMMUNITY EVENTS** \$900.00

Display spaces at Oktoberfest, Bike the Bricks and Dickens  
Balloons and Giveaways  
Local Provider: McKinney Main Street, Payton Group, Confetti Monkey



**BILLBOARD ADVERTISING**

380W at Bridge Farmer Road \$1,360.00  
2 months for 10x32 left hand read at the light  
50,000 cars a day

Hwy 5 Sbound 1.6 miles from 121 \$1,125.00  
2 months for 10x30 Upper panel  
17,000 cars a day  
Local provider: Brown Outdoor Advertising

**SOCIAL MEDIA**

Facebook – Grow reach and promote posts \$480.00  
Base as of June 2013 is 790

Social Media Promotions – Contest Prizes \$840.00  
12 Days of Christmas, Spring Thing, Race into Summer, Celebrate Your Independents, Back to School

**Total Amount Requested: \$12,705.00**

McKinney Magazine Advertising: \$ 8,400.00 – exposure in 10 issues of the Magazine

McKinneychamber.com and \$5,400.00 – 12 months rotator and home page  
McKinneyonline.com

Staff and benefits expense: \$14,625.00 – Director of Communications, Communications Specialist,  
Associate Editor

**Total Budget: \$41,130.00**

**MCKINNEY CHAMBER OF COMMERCE**

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	6



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
McKinney Chamber of Commerce

We have audited the accompanying consolidated financial statements of the McKinney Chamber of Commerce (a nonprofit organization) and its subsidiary and affiliates, which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility 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; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

-1-

WEISMANN & COMPANY, P.C.  
*Certified Public Accountants*

Carillon Towers | 13601 Preston Road | Suite 106 West | Dallas, Texas 75240 | Tel (972) 404-0608 | Fax (972) 386-0160

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the McKinney Chamber of Commerce and its subsidiary and affiliates as of December 31, 2012 and 2011, and the changes in its consolidated net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**WEISMANN & COMPANY, P.C.**

June 10, 2013

McKinney Chamber of Commerce  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 447,171	\$ 410,881
Accounts receivable, net of allowance for doubtful accounts of \$6,955 and \$6,495 for 2012 and 2011 respectively	34,903	64,483
Certificates of deposit	210,498	208,740
Prepaid expense	26,641	25,379
Refundable income taxes	6,626	-
Physical properties		
Property and equipment, at cost, net	89,474	89,437
Other asset	-	560
	<u>\$ 815,313</u>	<u>\$ 799,480</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Payables and accrued expenses	\$ 73,734	\$ 88,034
Agency funds held for others	5,595	18,481
Income taxes payable	2,826	8,172
Deferred revenues	<u>139,182</u>	<u>116,852</u>
	221,337	231,539
Net assets		
Unrestricted		
Invested in property and equipment	89,474	89,437
Reserve fund	30,010	-
McKinney Chamber Foundation, Inc.	76	76
McKinney CIVBIC (PAC)	11,315	9,948
Available for operations	<u>463,101</u>	<u>468,480</u>
	<u>593,976</u>	<u>567,941</u>
	<u>\$ 815,313</u>	<u>\$ 799,480</u>

The accompanying notes are an integral part of these statements.

McKinney Chamber of Commerce  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
For The Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>REVENUES AND OTHER SUPPORT</b>		
Membership dues	\$ 599,074	\$ 558,008
Membership services revenues	144,378	152,825
Publication revenues	1,009,971	1,058,020
Advocacy revenues	45,018	55,860
Community development revenues	122,393	98,860
Administrative revenues and other including interest	<u>19,332</u>	<u>31,127</u>
Total revenue and other support	1,940,166	1,954,700
<b>EXPENSES</b>		
Program Services		
Membership services	84,199	75,789
Publishing, printing and distribution cost	532,760	544,675
Advocacy programs	32,177	49,249
Community development programs	54,815	58,573
Other programming expense	<u>1,081</u>	<u>400</u>
	705,032	728,686
Supporting and Administrative Services		
Personnel and benefits	924,318	836,402
Occupancy, management and general	<u>285,755</u>	<u>275,081</u>
	<u>1,210,073</u>	<u>1,111,483</u>
Total expenses	<u>1,915,105</u>	<u>1,840,169</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE PROVISION FOR INCOME TAXES</b>	25,061	114,531
<b>PROVISION FOR INCOME TAXES</b>		
Currently (payable) refund federal and state taxes	974	(8,172)
Deferred federal taxes	<u>-</u>	<u>(10,500)</u>
	<u>974</u>	<u>(18,672)</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	26,035	95,859
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>567,941</u>	<u>472,082</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 593,976</u>	<u>\$ 567,941</u>

The accompanying notes are an integral part of these statements.

McKinney Chamber of Commerce  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 26,035	\$ 95,859
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	33,657	29,595
Net (increase) decrease in:		
Accounts receivable - net	29,580	120,228
Refundable income taxes	(6,626)	-
Prepaid expense	(1,262)	66,676
Deferred income taxes	-	10,500
Other asset	560	(560)
Net increase (decrease) in:		
Payables and accrued expenses	(14,300)	(89,264)
Agency funds held for others	(12,886)	351
Income taxes payable	(5,346)	8,172
Deferred revenues	<u>22,330</u>	<u>(162,317)</u>
Net cash provided by (used in) operating activities	71,742	79,240
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in certificates of deposit	(1,758)	(2,238)
Acquisition of property and equipment	<u>(33,694)</u>	<u>(12,936)</u>
Net cash provided by (used in) investing activities	(35,452)	(15,174)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	36,290	64,066
<b>CASH AT BEGINNING OF YEAR</b>	<u>410,881</u>	<u>346,815</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 447,171</u>	<u>\$ 410,881</u>
<b>Supplemental cash flow information:</b>		
Cash received during the year from:		
Interest	\$ 2,094	\$ 3,117
Cash paid during the year for:		
Interest	97	166
Income taxes	11,100	6,750

The accompanying notes are an integral part of these statements.



McKinney Chamber of Commerce  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2012 and 2011

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The McKinney Chamber of Commerce (the Chamber) was incorporated under the laws of the State of Texas, as a not-for-profit, business trade association. The Chamber provides a broad range of services that promotes business and economic development and provides information to its members, the citizens and visitors of McKinney, Texas.

BASIS OF ACCOUNTING

The accompanying consolidated financial statements are prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

BASIS OF PRESENTATION

The Chamber reports its consolidated financial position and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted. The basis of restricted net assets is defined by their intended purpose. All net assets are unrestricted; however some funds have been designated and set aside for certain programs.

BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of:

- McKinney Chamber of Commerce
- Chamber Media Services, Inc. (CMSI) – a wholly owned subsidiary formed effective January 1, 2010 to operate the publications activities for the Chamber
- McKinney Chamber of Commerce Political Action Committee DBA  
Committee to Inform Voters on Business Issues and Concerns (CIVBIC) -  
an affiliate
- McKinney Chamber Foundation, Inc. – an inactive affiliate

All intercompany transactions and accounts have been eliminated in consolidation.

McKinney Chamber of Commerce  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)  
December 31, 2012 and 2011

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

CONTRIBUTIONS

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Chamber considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Receivables are stated at unpaid balances less an allowance for doubtful accounts. The Chamber provides for losses on receivables using the allowance method. The allowance is based on experience, terms of contracts, and other circumstances which affect the ability of members and advertisers to meet their obligations. Outstanding balances are written off when management determines that the receivable will not be collected.

PHYSICAL PROPERTIES

Expenditures for physical properties are stated at cost. Depreciation of physical properties is provided for on the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives used in computing depreciation are as follows:

Office equipment	5 years
Furniture and fixtures	5 - 7 years
Information technology	3 - 5 years
Leasehold improvements	5 years

McKinney Chamber of Commerce  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)  
December 31, 2012 and 2011

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

PHYSICAL PROPERTIES (Contd.)

Maintenance and repairs are charged to expense as incurred; major improvements are capitalized.

Depreciation expense totaled \$33,657 in 2012 and \$29,595 in 2011.

INCOME TAXES

The Chamber qualifies as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. However, if applicable, income from certain activities not directly related to the Chamber's tax-exempt purpose is subject to tax as unrelated business income.

CMSI is a for profit corporation and is subject to federal and state income taxes. Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently payable and deferred taxes. In considering the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of any deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible.

The Chamber believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Chamber's and CMSI federal income tax returns for 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

FUNCTIONAL EXPENSES

The costs of providing the various programs and activities of the Chamber have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CONTRIBUTED SERVICES

Portions of the Chamber's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying consolidated financial statements since the volunteers' time does not meet the criteria for recognition.

McKinney Chamber of Commerce  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)  
 December 31, 2012 and 2011

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

DEFERRED REVENUE

Deferred revenue includes advertising revenue sold for future publications at future dates, and event and program revenue which has been paid in advance. Advertising revenues are recorded in income based upon the publication date. Other revenues are recognized when the event or program occurs.

FAIR VALUE MEASUREMENT

For financial statement elements currently required to be measured at fair value, fair value is defined as the price which would be received to sell an asset or paid to transfer a liability regardless of whether an observable liquid market price existed (exit price). An exit price valuation includes margins for risk even though they are not observable. Accounting standards (ASC 825) provide guidance on how to measure fair value and establish a fair value hierarchy which prioritizes the inputs to the valuation techniques used to measure an exit price.

At December 31, 2012 and 2011 the Chamber did not have financial statement elements that were required to be measured at fair value.

FINANCIAL INSTRUMENTS

The amounts reflected in the consolidated statements of financial position for cash and cash equivalents, receivables and accounts payable approximate fair value due to the short maturity of those instruments.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2012</u>	<u>2011</u>
Office equipment	\$ 18,868	\$ 15,889
Furniture and fixtures	38,788	38,788
Information technology	82,338	52,421
Leasehold improvement	<u>72,517</u>	<u>72,517</u>
	212,511	179,615
Less accumulated depreciation	<u>123,037</u>	<u>90,178</u>
	<u>\$ 89,474</u>	<u>\$ 89,437</u>

McKinney Chamber of Commerce  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)  
 December 31, 2012 and 2011

---

NOTE 3 – PAYABLES AND ACCRUALS

Payables and accruals consist of the following:

	<u>2012</u>	<u>2011</u>
Trade payables and accrued liabilities	\$ 37,695	\$ 21,617
Landlord credits toward rent and leasehold improvements	36,039	53,467
Salaries and related payroll taxes	<u>-</u>	<u>12,950</u>
	<u>\$ 73,734</u>	<u>\$ 88,034</u>

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

The Chamber maintains its cash balances in several financial institutions. The Chamber's policy is to support its member organizations. The Chamber has not experienced and does not anticipate any credit losses from this strategy. Under the Federal government's bailout program, the FDIC announced that all transactional and non-interest bearing accounts are fully guaranteed regardless of balance through December 31, 2012. In addition, all interest-bearing accounts are fully insured up to \$250,000. At December 31, 2012 and 2011 the Chamber's uninsured cash balances totaled approximately \$76,000 and \$52,000 respectively.

NOTE 5 – INCOME TAXES

The provision for federal and state income taxes is as follows:

	<u>2012</u>	<u>2011</u>
Currently (payable) refund federal and state taxes	\$ 974	\$ (8,172)
Deferred federal taxes	<u>-</u>	<u>(10,500)</u>
	<u>\$ 974</u>	<u>\$(18,672)</u>

Deferred taxes are provided for CMSI operating loss sustained in 2010 in the amount of \$69,900. The loss was utilized in 2011.

McKinney Chamber of Commerce  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)  
December 31, 2012 and 2011

---

NOTE 6 – COMMITMENTS

The Chamber leases office space and certain office equipment under operating leases expiring through 2016. Future minimum lease commitments at December 31, 2012 are as follows:

2013	138,892
2014	138,892
2015	8,592
2016	528

Rent expense charged to operations totaled approximately \$128,699 in 2012 and \$125,963 in 2011. The Chamber subleases some office space on short term leases.

NOTE 7 – RECLASSIFICATION OF PRIOR YEAR AMOUNTS

Certain amounts in the 2011 consolidated financial statements have been reclassified to conform with the presentation in the 2012 consolidated financial statements.

NOTE 8 – EMPLOYEE BENEFITS

The Chamber provides a simple IRA retirement plan for all eligible employees. The matching contribution was \$17,442 in 2012 and \$14,260 in 2011.

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

The Chamber has evaluated subsequent events through June 10, 2013, the date which the consolidated financial statements were available to be issued.

NOTE 10 – FUNDRAISING COST

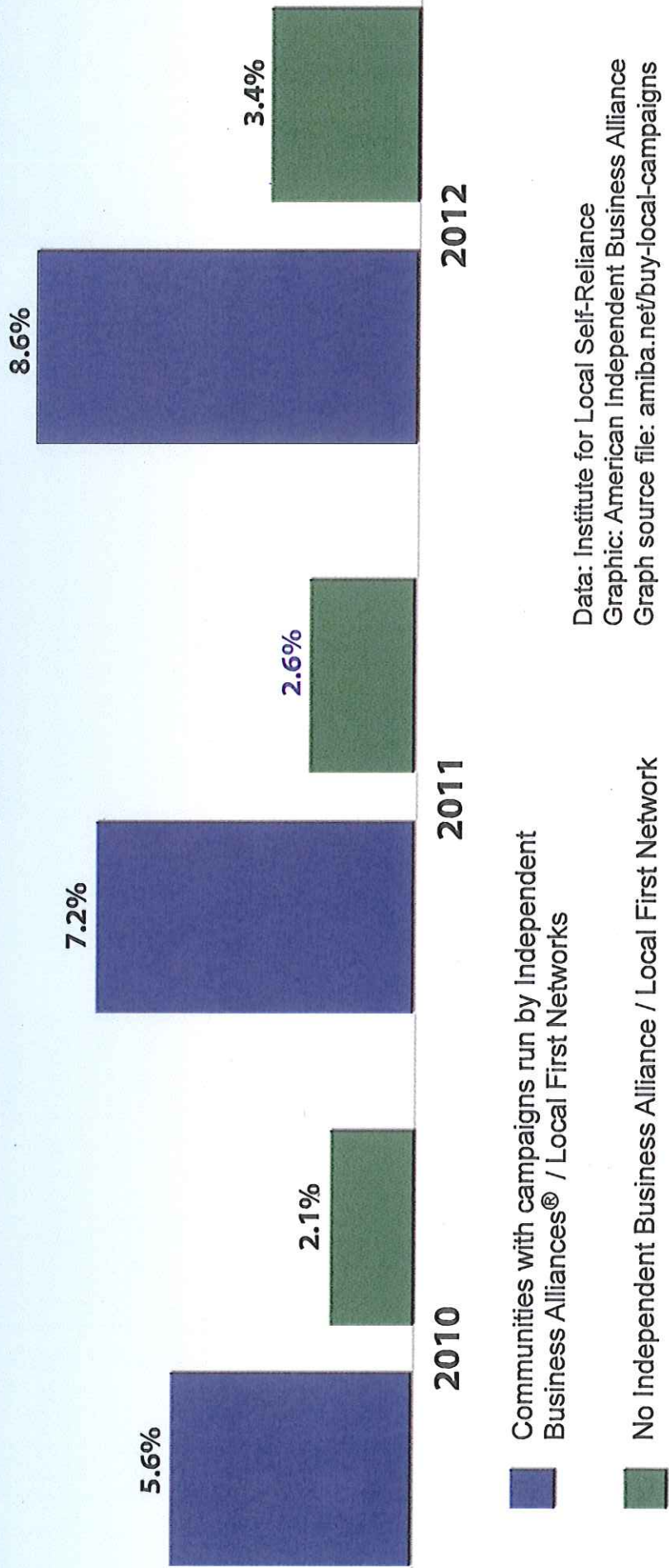
Annually, the Chamber sponsors a variety of events designed, among other purposes, to raise funds for programming. The total fundraising cost of these special events was \$73,091 in 2012 and \$63,014 in 2011.



# BUY LOCAL RESEARCH

# Do Buy Independent / Buy Local Campaigns Make a Difference?

Year-to-year sales increases among independent businesses



■ Communities with campaigns run by Independent Business Alliances® / Local First Networks

■ No Independent Business Alliance / Local First Network

Data: Institute for Local Self-Reliance  
Graphic: American Independent Business Alliance  
Graph source file: amiba.net/buy-local-campaigns





**IRS**

**DETERMINATION**

**LETTER**

Internal Revenue Service

Department of the Treasury

P. O. Box 2508  
Cincinnati, OH 45201

Date: October 23, 2001

Person to Contact:  
Ms. Smith #31-07262  
Customer Service Representative  
Toll Free Telephone Number:  
8:00 a.m. to 9:30 p.m. EST  
877-829-5500  
Fax Number:  
513-263-3756

McKinney Chamber of Commerce  
1801 W Louisiana St  
McKinney, TX 75069-7859

Federal Identification Number:  
75-0428690

Dear Sir or Madam:

This is in response to your request for affirmation of your organization's exempt status.

In December 1947 we issued a determination letter that recognized your organization as exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code. That letter is still in effect.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is also liable for tax under the Federal Unemployment Tax Act for each employee to whom it pays \$50 or more during a calendar quarter if, during the current or preceding calendar year, it had one or more employees at any time in each of 20 calendar weeks or it paid wages of \$1,500 or more in any calendar quarter.

If your organization's character, method of operation, or purposes change, please let us know so we can consider the effect of the change on the organization's exempt status. Also, your organization should inform us of all changes in its name or address.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

Because your organization is not an organization described in section 170(c) of the Code, donors may not deduct contributions made to your organization. You should advise your contributors to that effect.

McKinney Chamber of Commerce  
75-0428690

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Internal Revenue Code. If your organization is subject to this tax, it must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your organization's activities are unrelated trade or business as defined in Code section 513.

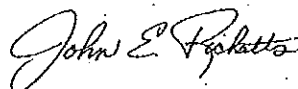
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. If your organization had a copy of its application for recognition of exemption on July 15, 1987, it is also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

As this letter could help resolve any questions about your organization's exempt status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms the exempt status of your organization.

Sincerely,



John E. Ricketts, Director, TE/GE  
Customer Account Services