INDEPENDENT AUDITORS’ REPORT

To the Board of Directors
Michigan Association of Municipal Clerks

We have audited the accompanying financial statement of the Michigan Association of Municipal Clerks (a nonprofit organization), which comprise the statement of cash receipts and disbursements for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and disbursements basis of accounting as described in Note I; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing such 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Michigan Association of Municipal Clerks for the year ended December 31, 2012, in accordance with the cash receipts and disbursements basis of accounting as described in Note I.
To the Board of Directors  
Michigan Association of Municipal Clerks  

Basis of Accounting  

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Saginaw, Michigan  
January 11, 2013
MICHIGAN ASSOCIATION OF MUNICIPAL CLERKS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended December 31, 2012

Cash Receipts:
- Membership dues: $42,566
- Promotional/Sales: 496
- Donations: 50
- Institute registrations: 44,315
- Master Academy registrations: 32,050
- Clerking 101: 2,825
- Interest income: 547
- Miscellaneous income: 594
- Conference registrations: 51,551
- Vendor registrations: 11,458
- Conference promotional: 100
- Region V: 751
- Golf and Walk/Run registrations: 1,023

Total cash receipts: 188,328

Cash Disbursements:

Administration:
- Officer compensation: 500
- Supplies: 684
- President MTA/MML: 1,048
- Audit: 1,275
- Board meeting expenses: 215
- Insurance: 538
- Contracted administrative services: 18,690
- Miscellaneous: 50
- Credit card fees: 55

Total administration: 23,055

Conference:
- Speakers: 5,193
- Lodging/Room use fees: 6,437
- Meals: 38,554
- Entertainment: 1,063
- Postage and printing: 6,109
- Golf and Walk/Run: 756
- Miscellaneous and supplies: 153
- Promotional: 1,564

Total conference: 61,829

Education:
- Scholarships: 4,000
- Speakers: 2,700
- Meetings: 1,491
- Miscellaneous: 65
- Project management: 9,250

The accompanying notes are an integral part of these financial statements.
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, continued
Year Ended December 31, 2012

Cash Disbursements, continued:

Education, continued:
Meals ........................................... 8,476
Printing/Copying/Postage ............... 578
Student materials ....................... 1,255
Travel for speakers .................... 77
Clerking 101 ................................ 112
Master Academy expenses ............. 2,682

Total cash disbursements ............. 30,686

IIMC Expenses:
President reimbursement ............... 550
Conference expenses ................. 1,217
Contributions .......................... 70
Region V .................................. 138

Legislative:
Contributions to lobbyist ............. 20,640

Promotions/Communications:
Membership dues printing/postage .... 2,204
Promotional ................................ 825
Web page .................................. 6,012
Clerks of the year expenses ........... 346

Institute Expenses:
Project management ................. 15,000
Facilitator ............................... 5,000
Speakers ................................ 3,550
Travel for speakers ................. 503
CMU/Sponsorship and endorsement .... 2,500
MAMC administration-treas/staff .... 250
Printing/Copying/Postage ........... 4,379
Student/Staff materials ............. 1,095
Student certificates/engraving ...... 487
Meals/Lodging for speakers and staff 17,995

Total cash disbursements ............. 198,331

Decrease in cash ......................... (10,003)

Beginning cash, January 1, 2012 ..... 130,993

Ending cash, December 31, 2012 .................. $ 120,990

The accompanying notes are an integral part of these financial statements.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Michigan Association of Municipal Clerks (the “Association”) is organized as a nonprofit membership association for the purpose of promoting, enhancing and encouraging the professional development and standing of Municipal Clerks through cooperation, communication, education and training; to promote and encourage improvement methods and procedures of duties performed by Clerks; and to address legislative matters relating to the Municipal Clerk’s responsibilities. In fulfilling this mission, the Association sponsors an annual conference for Clerks, provides various opportunities for additional education for members and supports a lobbyist to the state legislature for election issues. The Association receives most of its revenue from member dues.

Basis of Presentation

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from accounting principles generally accepted in the United States of America primarily because the effects of outstanding dues and obligations unpaid at the date of the financial statement are not included in the financial statement.

Income Tax Status

The Organization is exempt from income tax under Section 501(c)(6) Internal Revenue Service Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if it has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2012 and December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Michigan Association of Municipal Clerks is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examination for years prior to December 31, 2009.

Management’s Review of Subsequent Events

Subsequent events have been evaluated through January 11, 2013 which is the date the financial statements were available to be issued.

NOTE 2: CASH

At December 31, 2012, the bank balance was $127,670, which was fully insured by FDIC.
REQUIRED COMMUNICATION TO THE MICHIGAN ASSOCIATION OF MUNICIPAL CLERKS
IN ACCORDANCE WITH PROFESSIONAL STANDARDS

To the Board of Directors
Michigan Association of Municipal Clerks

We have audited the financial statements of the Michigan Association of Municipal Clerks for the year ended December 31, 2012, and have issued our report thereon dated January 11, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards
In planning and performing our audit of the financial statements of Michigan Association of Municipal Clerks as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered Michigan Association of Municipal Clerks' 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.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

Significant Accounting Policies
Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Michigan Association of Municipal Clerks are described in the notes to the financial statements.
We noted no related transactions entered into by the Michigan Association of Municipal Clerks during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or related transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the 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. We noted no sensitive estimates affecting the financial statements.

**Significant Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Michigan Association of Municipal Clerks' financial reporting process (that is, cause future financial statements to be materially misstated). We did propose audit adjustments that could in our judgment, either individually or in the aggregate, have a significant effect on the Michigan Association of Municipal Clerks' financial reporting process.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter 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.

**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 an accounting principle to the Michigan Association of Municipal Clerks' 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.

**Issues Discussed Prior to Retention of Independent Auditors**

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 Michigan Association of Municipal Clerks' auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

**Difficulties Encountered in Performing the Audit**

We encountered no difficulties in performing our audit.

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This information is intended solely for the information and use of the Board and management of the Michigan Association of Municipal Clerks, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Berthiaume & Company
Certified Public Accountants

Saginaw, Michigan
January 11, 2013