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November 23, 2009

Board of Directors  
Wayne County Convention  
and Tourism Bureau, Inc.  
5701 National Road East  
Richmond, IN 47374

We have reviewed the audit report prepared by Fennimore & Associates, PC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. 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 Wayne County Convention and Tourism Bureau, Inc., as of December 31, 2007, 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

**FENNIMORE & ASSOCIATES PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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WAYNE COUNTY CONVENTION AND  
TOURISM BUREAU, INC.

FINANCIAL STATEMENTS

December 31, 2007 and 2006

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

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**Independent Auditor's Report**

Board of Directors  
The Wayne County Convention and Tourism Bureau, Inc.  
Richmond, Indiana

We have audited the accompanying statement of financial position of The Wayne County Convention and Tourism Bureau, Inc. as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of The Wayne County Convention and Tourism Bureau, Inc.'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 The Wayne County Convention and Tourism Bureau, Inc. of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Fennimore & Associates PC*

Richmond, Indiana  
March 12, 2008

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**  
**Statement of Financial Position**  
**December 31, 2007 and 2006**

	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 200,963	\$ 140,234
Accounts Receivable	422	1,040
Government Receivable	-	36,294
Inventory	7,625	9,826
Total current assets	209,010	187,394
<b>PROPERTY AND EQUIPMENT</b>		
Land & Building	870,547	870,547
Furniture & Fixtures	79,843	95,556
Interstate signage	18,448	18,448
Vehicles	7,290	4,400
	976,129	988,951
Less accumulated depreciation	(245,866)	(249,921)
Net property and equipment	730,262	739,030
<b>TOTAL ASSETS</b>	<b>\$ 939,272</b>	<b>\$ 926,424</b>
 <b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 10,716	\$ 9,125
Accrued expenses	405	-
Current Portion of Long Term Debt	2,029	2,029
	13,150	11,154
Total Current Liabilities	13,150	11,154
Long Term Debt - Lease Payable	1,691	3,720
Unrestricted net assets	924,431	911,550
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 939,272</b>	<b>\$ 926,424</b>

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**

**Statement of Activities**

**For the Year Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>REVENUE:</b>		
Appropriations	\$ 427,961	\$ 407,565
State tourism income	30,291	27,961
Hospitality Participation Income	4,370	14,671
Gift Shop Sales (Net of cost of goods sold)	2,558	4,435
Interest income	<u>2,924</u>	<u>2,472</u>
Total unrestricted revenue	468,104	457,104
<b>ADMINISTRATIVE EXPENSES:</b>		
Salaries	60,000	58,000
Outside services	38,658	23,418
Ancillary services	-	13,973
Travel and mileage	9,507	8,459
Payroll taxes	5,016	4,891
Office supplies	11,045	8,409
Utilities	9,554	10,244
Legal and accounting fees	12,458	12,017
Insurance - personnel	5,152	4,628
Telephone	4,701	4,548
Insurance - business	5,211	4,080
Retirement	5,000	5,000
Office equipment and furniture	356	617
Depreciation	<u>18,897</u>	<u>20,084</u>
	<u>185,555</u>	<u>178,369</u>
<b>PROMOTION EXPENSES:</b>		
Salaries	125,795	126,009
Convention & Tourism marketing	54,865	44,416
Welcome center wages	19,417	19,644
Project development	5,938	-
Postage and freight	11,659	11,114
Payroll taxes	12,620	13,580
Insurance - personnel	9,266	7,596
Telephone	5,367	1,647
Volunteer expenses	3,640	2,937
Retirement	10,000	10,000
Public relations	3,202	2,562
Dues and memberships	3,234	3,330
Out of town expenses	1,516	1,459
Miscellaneous	2,338	2,694
Training and education	533	1,088
Printing and duplication	<u>276</u>	<u>21,288</u>
	<u>269,668</u>	<u>269,365</u>
Total expenses	<u>455,223</u>	<u>447,734</u>
Change in net assets	12,881	9,369
Beginning unrestricted net assets	<u>\$ 911,550</u>	<u>\$ 902,181</u>
Ending unrestricted net assets	<u>\$ 924,431</u>	<u>\$ 911,550</u>

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>OPERATING ACTIVITIES:</b>		
Change in net assets	12,881	9,369
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on Disposal of Assets	115	
Depreciation	<u>18,897</u>	<u>20,084</u>
	31,894	29,453
Changes in operating assets and liabilities:		
Increase in accounts receivable	618	(1,040)
Decrease/Increase in government receivable	36,294	42,646
Increase/Decrease in inventory	2,201	(2,054)
Decrease in deposits	-	-
Increase in accounts payable	1,591	568
Decrease in accrued expenses	<u>405</u>	<u>(8,429)</u>
Net Cash Used in Operating Activities	73,003	61,144
<b>INVESTING ACTIVITIES:</b>		
Purchase of equipment	(10,245)	(5,304)
Purchase of building & improvements	<u>-</u>	<u>-</u>
Net Cash Used in Investing Activities	(10,245)	(5,304)
<b>FINANCING ACTIVITIES:</b>		
Capital Lease	-	-
Payments on lease	<u>(2,029)</u>	<u>(2,029)</u>
Net Cash Provided by Financing Activities	(2,029)	(2,029)
<b>NET INCREASE/DECREASE IN CASH</b>	60,729	53,811
CASH--beginning of year	<u>140,234</u>	<u>86,423</u>
CASH--end of year	<u><u>200,963</u></u>	<u><u>140,234</u></u>

**THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**

**Notes to Financial Statements**

**Year Ended December 31, 2007 and 2006**

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** –The Wayne County Convention and Tourism Bureau, Inc. (The Bureau) is an Indiana not-for-profit organization whose primary purpose is to promote the development and growth of the convention and tourism industry in Wayne County, Indiana. They incorporated under the laws of the State of Indiana in 1990. The Bureau is funded by an annual allocation of the "innkeeper taxes" by the Wayne County Council. The "innkeeper taxes" are collected by Wayne County Treasurer from Wayne County hotels, motels, campgrounds and other miscellaneous lodging facilities in Wayne County, Indiana.

**Basis of Accounting** – The financial statements of The Bureau have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Net Asset Classifications** – The financial statements have been prepared in conformity with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted. All net assets of The Bureau, including any board-designated or appropriated amounts, are unrestricted.

**Cash** – Cash consists of bank deposits in federally insured accounts and petty cash.

**Property and Equipment** – Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line and accelerated methods over the useful lives of the assets. Routine repairs and maintenance are expensed when incurred.

**Financial 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimated.

**Functional Allocation of Expenses** – The costs of providing the promotion of tourism have been provided on a functional basis in the statement of activities. Costs are allocated between administrative and promotion based on evaluations of the related activities. Administrative expenses include those expenses that are not directly identifiable with the promotion of tourism, but provide for the overall support and direction of the Bureau.

**Income Taxes** – The Organization is exempt from federal and state income taxes under Section 501(c)(6) of the U.S. Internal Revenue Code and under similar state provisions.

**Donated Services** – A substantial number of volunteers donate significant amounts of time to the activities of the Bureau. No amounts have been included in the financial statements for the value of this donated time since the value is not determinable.

**Promotional Expenses** – Marketing and promotional costs are expensed as incurred. Promotional expenses were \$ 271,974 and \$ 269,365 for the year ended December 31, 2007 and 2006, respectively. Further, the costs associated with the biennial production and publication of The Bureau's Visitor Guide to Richmond, Wayne County, Indiana are expensed, net of nominal third-party advertising revenue, as incurred.

**THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**

**Notes to Financial Statements  
Year Ended December 31, 2007 and 2006**

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)**

***Inventories*** - Inventory consists of Welcome Center retail items, brochures and excess office supplies stated at cost.

**NOTE B – PROPERTY AND EQUIPMENT**

The Organization's property and equipment are as follows:

	Balance <u>12/31/07</u>	Balance <u>12/31/06</u>
Land	\$ 257,600	\$ 257,600
Building	479,698	479,698
Building Improvement	133,249	133,249
Interstate Signage	18,448	18,448
Vehicles	7,290	4,400
Furniture & fixtures	<u>79,843</u>	<u>95,556</u>
Total Cost	976,129	988,951
Less Accumulated Depreciation	<u>(245,866)</u>	<u>(249,921)</u>
	<u><u>\$ 730,262</u></u>	<u><u>\$ 739,030</u></u>

**NOTE C – LEASE COMMITMENTS**

In 2004, the Bureau entered into a capital lease with Ikon Financial Services for the lease of a copier. The lease agreement is a five year lease with no stated interest. The copier was recorded at \$10,145 and depreciation for the capital asset was \$2,029 for 2007 and 2006. Future minimum payments required under the lease are as follows:

2008	\$2,029 per year
2009	\$1,691

In 2006, the Bureau entered a lease for a vehicle for \$408 per month under a lease agreement that expires August 2008. Lease expense for the vehicle was \$4,896 for 2007 and 2006.

Future minimum payments required under the operating lease are as follows:

2008	\$3,264
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**THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**

**Notes to Financial Statements  
Year Ended December 31, 2007 and 2006**

**Note D – RICHMOND WELCOME CENTER CONTRACT**

The Bureau entered into a contract with the Indiana Department of Commerce to provide services at the Welcome Center on July 1, 2003. The contract renews every two years and is currently in effect until June 30, 2009. The contract requires the Bureau to provide the day to day operation of the center, hire and employ all staff, and have the Welcome Center operational seven days a week for a minimum of 45 hours and a maximum of 55 hours per week. Welcome Center payments under the contract are \$2,330 per month of which a minimum of \$600 is required to be spent on Internet access.

**NOTE E – RETIREMENT PLAN**

The Bureau maintains an informal retirement plan which covers all full-time employees completing one year of service. Under the plan, contributions are treated as extra compensation and are paid to each qualified employee at the end of the year, the employee can then deposit that amount into an IRA. Contribution amounts are determined by the policy set by the governing Board. The retirement contribution for each of the years ended December 31, 2007 and 2006 was \$15,000.

**NOTE F – WAYNE COUNTY CONVENTION AND TOURISM BUILDING**

The building located at the present site of the Welcome Center, was recorded as a contribution at the fair market value on October 28, 2006 as represented by the independent sale negotiation with the unrelated owners of the premise, less the cash paid by the Bureau. In 1980, an agency of the Wayne County government named the Board of Managers of the Wayne County Convention and Tourism Bureau was created for the sole purpose of promoting the development and growth of the convention and tourism industry in Wayne County. On September 22, 2006, that Board of Managers pledged a portion of the Innkeepers Tax to the direct payment of debt service on and for the bonds which were used to purchase the building given to the Bureau. Although the Board of Managers is a separate organized body of the county government, the financial impact on future cash flow of the Bureau is directly related.

**NOTE G – CONCENTRATION OF CREDIT RISK**

The Bureau maintains its cash balances in one financial institution located in Evansville, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007 the Bureau's uninsured cash balances totaled \$ 99,865.