



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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January 21, 2010

Board of Directors
Steuben County Tourism Bureau, Inc.
207 S. Wayne St.
Angola, IN 46703

We have reviewed the audit report prepared by Thomas S. Danford, CPA, Independent Public Accountant, 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 Steuben County 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.

We call your attention to the findings in the report. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

Financial Statements

**Steuben County
Tourism Bureau, Inc.**

December 31, 2007

Steuben County Tourism Bureau, Inc.

Financial Statements
December 31, 2007

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Independent Auditor's Report

The Board of Directors
Steuben County Tourism Bureau, Inc.
207 S. Wayne Street
Angola, Indiana

I have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Steuben County Tourism Bureau, Inc. (a nonprofit organization) as of December 31, 2007, and the related statement of revenues and expenses – modified cash basis and statement of changes in net assets – modified cash basis for the year then ended. These financial statements are the responsibility of the management of Steuben County Tourism Bureau, Inc. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 principals used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements have been prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally applied in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – modified cash basis of the Steuben County Tourism Bureau, Inc. at December 31, 2007 and its revenues and expenses – modified cash basis and changes in net assets – modified cash basis for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated July 3, 2008 on my consideration of the Steuben County Tourism Bureau, Inc.'s internal control over financial reporting and my tests of its compliance with laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.



Thomas S. Danford
Certified Public Accountant
Angola, Indiana
July 3, 2008

Steuben County Tourism Bureau, Inc.

Statement of Assets, Liabilities and Net Assets – Modified Cash Basis
December 31, 2007

ASSETS

Current Assets

Cash \$ 103,126

Property and Equipment

Furniture and Equipment \$ 50,297

Leasehold Improvements 42,795

93,092

Less Accumulated Depreciation 51,222

Total Property and Equipment – Net of
Depreciation

41,870

TOTAL ASSETS

\$ 144,996

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued and Withheld Payroll Taxes \$ 6,321

Net Assets

Unrestricted \$ 43,675

Restricted 95,000

Total Net Assets 138,675

TOTAL LIABILITIES AND NET ASSETS

\$ 144,996

See Notes to Financial Statements

Steuben County Tourism Bureau, Inc.

Statement of Revenues and Expenses – Modified Cash Basis
For the year ended December 31, 2007

Revenues

Innkeeper's Tax Commission	\$ 372,360
Interest Income	1,484
Rental Income	2,150
Tenant and Other Reimbursements	<u>4,883</u>

Total Revenues

380,877

Expenses

Personnel Expenses:

Salaries and Wages	\$ 97,826
Employee Medical Benefits	9,368
Payroll Taxes	10,996
Retirement Benefits	<u>5,033</u>
	<u>123,223</u>

Marketing and Promotion Expenses:

Advertising and Promotion	132,856
Community Event Promotion	11,212
Community Foundation	10,000
Group Sales	7,188
Internet and Web Page	6,368
Office Supplies	3,588
Postage	13,942
Product Development	8,827
Promotional Support	3,492
Public Relations	9,802
Telephone	<u>8,303</u>
	<u>215,578</u>

Operational Expenses:

Automotive	2,494
Dues and Memberships	3,894
Legal and Accounting	3,225
Professional Development	4,054
Travel and Meetings	<u>2,043</u>
	<u>15,710</u>

Visitors Center Expenses:

Insurance	1,753
Depreciation	3,384
Other Visitor Center Expenses	10
Repairs and Maintenance	5,741
Utilities	<u>15,461</u>
	<u>26,349</u>

Total Expenses

380,860

Increase in Net Assets

\$ 17

See Notes to Financial Statements

Steuben County Tourism Bureau, Inc.

Statement of Changes in Net Assets – Modified Cash Basis
For the year ended December 31, 2007

<u>Net Assets</u> – Beginning of Year	\$ 138,658
<u>Increase in Net Assets</u>	<u> 17</u>
<u>Net Assets</u> – End of Year	<u>\$ 138,675</u>

See Notes to Financial Statements

Steuben County Tourism Bureau, Inc.

Notes to Financial Statements
December 31, 2007

Note 1 – Organization and Significant Accounting Policies:

Organization:

The Steuben County Tourism Bureau, Inc. is a non-profit organization formed to promote tourism in Steuben County, Indiana. The focus of the Bureau's efforts include maintaining a community climate that attracts conventions, trade shows, special events and visitors to Steuben County including the promotion of recreational activities in the county. The Bureau was incorporated in Indiana on April 23, 1990 as a Non-Profit Domestic Corporation. Further, the Bureau is recognized under Internal Revenue Code Section 501(c)(6) as an exempt organization by the Internal Revenue Service and accordingly is exempt from federal and Indiana income tax.

Revenues:

The Bureau's major source of revenue is derived from grants from the Steuben County Innkeeper's Tax Commission. The Commission receives its income from taxes assessed against temporary lodging located in Steuben County, Indiana and periodically grants portions of the tax revenues to the Bureau to cover its operating costs.

The Bureau also leases unused space in the building to several other non-profit organizations. One of the other organizations also shares in utilities and certain maintenance items, for which the Bureau receives reimbursements.

Basis of Presentation:

The financial statements are prepared using the modified cash basis method of accounting, which is a comprehensive basis of accounting other than accounting principles generally recognized in the United States of America, except that property and equipment expenditures are capitalized and related depreciation is recorded, and payroll tax expense is accrued for the year in which it is incurred. Accordingly, certain revenue and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

Use of Estimates:

The preparation of 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.

Steuben County Tourism Bureau, Inc.

Notes to Financial Statements
December 31, 2007

Note 1 – Organization and Significant Accounting Policies (continued):

Property and Equipment:

Property and Equipment is stated at cost and expenditures for improvements, if material, are generally capitalized. Normal repairs and maintenance are expensed. The cost of assets retired, or otherwise disposed of, and the related accumulated depreciation is eliminated from the accounts and resulting gain or loss is reflected in the statement of revenues and expenses and changes in net assets – modified cash basis.

Property and equipment is depreciated using accelerated methods over the estimated useful lives of 5 to 7 years while leasehold improvements are being depreciated over 40 years using straight line methods. Depreciation expense amounted to \$3,384.

Note 2 – Operating Leases:

In January 1998 the Bureau entered into an operating lease with Steuben County, Indiana for the building for an initial term of five years that expired December 31, 2003. The lease included an option to extend for an additional five years under the same terms and conditions. Thereafter, the lease is month-to-month. The lease requires an annual payment of ten dollars, which the County has not collected, and payment of substantially all insurance, maintenance, repairs, upkeep and utilities by the Bureau. Lease expense, including the required insurance, maintenance, repairs, upkeep and utilities amounted to \$26,349 before receiving reimbursements of \$4,806 from other tenants.

The Bureau subleases portions of the building. Following are summaries of the various leases.

The Steuben County Community Foundation entered into a lease which expired May 31, 2003. After expiration, the lease is month-to-month. The lease calls for annual rents of \$600 payable monthly in the amount of \$50, along with 15% of the utilities and 50% of the snow removal. The tenant owed \$1,869 in maintenance as of December 31, 2007.

The Steuben County Lakes Council, Inc. entered into a lease which expired June 30, 2000. After expiration, the lease is month-to-month. The lease calls for annual rents of \$600 payable monthly in the amount of \$50. This lease was current as of December 31, 2007.

The Office of the Attorney General for the State of Indiana entered into a lease which expired April 15, 2003. After expiration, the lease is month-to-month. The lease calls for annual rents of \$2,450 in the amount of \$200. This lease had a balance due as of December 31, 2007 of \$2,150.

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board of Directors
Steuben County Tourism Bureau, Inc.
207 S. Wayne Street
Angola, Indiana

I have audited the financial statements of Steuben County Tourism Bureau, Inc. as of and for the year ended December 31, 2007, and have issued my report thereon dated July 3, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Bureau's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control that, in my judgment, could adversely affect Steuben County Tourism Bureau, Inc.'s ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Other comments and recommendations:

I noted during my audit that the Bureau lacks control over the collection of revenue relating to rent, utility and maintenance reimbursements. I would recommend that the Bureau implement a policy to invoice the various parties monthly and then to follow up if the payment is not received within thirty days of invoicing. I do not believe this is a material weakness due to the immateriality of the amounts involved.

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards
(Continued)**

I also noted during my audit that payroll taxes were not timely remitted and returns not timely filed. I have also noted that subsequently all payments have been made and all returns have been filed. Further I noted new procedures were implemented to assure these weaknesses are remedied. I do not believe this is a material weakness as the amounts of the penalties are immaterial in amount.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, of the reportable conditions described above, none is believed to be a material weakness.

This report is intended solely for the information and use of The Board of Directors, management, and state and federal awarding agencies and not intended to be and should not be used by anyone other than these specified parties.



Thomas S. Danford
Certified Public Accountant
Angola, Indiana
July 3, 2007