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February 4, 2010

Board of Directors  
Fort Wayne-Allen County Convention  
and Visitors Bureau, Inc.  
1021 S. Calhoun  
Fort Wayne, IN 46802

We have reviewed the audit report prepared by Baden, Gage & Schroeder, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2008. 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 Fort Wayne-Allen County Convention and Visitors Bureau, Inc., as of December 31, 2008 and 2007, and the results of its operations for the periods 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

*Financial Statements*

**Fort Wayne-Allen County  
Convention and Visitors  
Bureau, Inc.**

December 31, 2008 and 2007

**FORT WAYNE-ALLEN COUNTY  
CONVENTION AND VISITORS BUREAU, INC.**

Financial Statements  
December 31, 2008 and 2007

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Certified Public Accountants • Business Consultants

## Independent Auditors' Report

The Board of Directors  
Fort Wayne-Allen County Convention and Visitors Bureau, Inc.  
Fort Wayne, Indiana

We have audited the accompanying statements of financial position of the Fort Wayne-Allen County Convention and Visitors Bureau, Inc. (the Bureau) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Bureau'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 Fort Wayne-Allen County Convention and Visitors Bureau, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2009 on our consideration of the Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our 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 should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Baden Gage &amp; Schroeder, LLC".

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana  
April 24, 2009

**FORT WAYNE-ALLEN COUNTY  
CONVENTION AND VISITORS BUREAU, INC.**

Statements of Financial Position  
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 258,270	\$ 321,296
Certificates of deposit	460,338	321,111
Accounts receivable - industry partner advertising	36,675	21,468
Accounts receivable - other	2,788	288
Inventory	1,727	-
Prepaid expenses	<u>24,073</u>	<u>38,425</u>
Total Current Assets	783,871	702,588
<b>PROPERTY AND EQUIPMENT</b>		
General equipment	117,628	85,835
Computers and equipment	43,323	44,073
Leasehold improvements	28,619	28,619
Furniture and fixtures	<u>46,311</u>	<u>27,177</u>
	235,881	185,704
Less: Accumulated depreciation	<u>159,703</u>	<u>122,168</u>
Net Property and Equipment	<u>76,178</u>	<u>63,536</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 860,049</u></b>	<b><u>\$ 766,124</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accrued liabilities	\$ 11,256	\$ 19,190
Accrued paid absences	19,450	15,668
Deferred income - information kiosk advertising	10,663	21,068
Deferred income - industry partner advertising	126,363	129,050
Deferred income - program	26,318	-
Note payable - current portion	<u>-</u>	<u>5,143</u>
Total Current Liabilities	194,050	190,119
<b>NET ASSETS</b>		
Unrestricted	650,999	566,005
Temporarily restricted	<u>15,000</u>	<u>10,000</u>
Total Net Assets	<u>665,999</u>	<u>576,005</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 860,049</u></b>	<b><u>\$ 766,124</u></b>

See Notes to Financial Statements.

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**FORT WAYNE-ALLEN COUNTY  
CONVENTION AND VISITORS BUREAU, INC.**

Statements of Activities  
Years Ended December 31, 2008 and 2007

	2008		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Room tax revenue	\$ 984,572	\$ -	\$ 984,572
Sponsorships	45,000	5,000	50,000
Sponsorships - "Brand Initiative"	25,000	-	25,000
Kiosk advertising	27,796	-	27,796
Advertising	139,575	-	139,575
Program fees	18,841	-	18,841
Merchandise sales	15,132	-	15,132
Interest	15,627	-	15,627
Other	<u>34,075</u>	<u>-</u>	<u>34,075</u>
 Total Revenues	 1,305,618	 5,000	 1,310,618
<b>EXPENSES</b>			
Personnel Expenses:			
Payroll taxes and employee benefits	124,561	-	124,561
Salaries and wages	<u>439,203</u>	<u>-</u>	<u>439,203</u>
	563,764	-	563,764
 Promotion and Marketing Expenses:			
Advertising, media	158,355	-	158,355
Advertising - website	40,090	-	40,090
Event hosting	23,000	-	23,000
"Destination Brand Initiative"	31,863	-	31,863
Industry Partners	7,483	-	7,483
Postage	21,837	-	21,837
Printing promotional	70,096	-	70,096
Program expense	39,442	-	39,442
Promotion	44,749	-	44,749
Promotional merchandise	13,363	-	13,363
Telephone	8,176	-	8,176
Travel and entertainment	<u>26,026</u>	<u>-</u>	<u>26,026</u>
	484,480	-	484,480
 General and Administrative Expenses:			
Bad debt	1,010	-	1,010
Building lease and other rent expense	44,547	-	44,547
Computer expenses	12,576	-	12,576
Depreciation	37,534	-	37,534
Dues and subscriptions	7,957	-	7,957

(Continued)

2007		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 814,092	\$ -	\$ 814,092
145,000	5,000	150,000 ✓
31,066	-	31,066 ✓
-	-	-
67,623	-	67,623
13,960	-	13,960
16,434	-	16,434
12,177	-	12,177
<u>98,536</u>	<u>-</u>	<u>98,536</u>
1,198,888	5,000	1,203,888
93,435	-	93,435
<u>385,746</u>	<u>-</u>	<u>385,746</u>
479,181	-	479,181
65,277	-	65,277
12,955	-	12,955
36,720	-	36,720
79,237	-	79,237
6,026	-	6,026
21,147	-	21,147
35,572	-	35,572
55,622	-	55,622
67,279	-	67,279
18,336	-	18,336
6,578	-	6,578
<u>28,320</u>	<u>-</u>	<u>28,320</u>
433,069	-	433,069
9,762	-	9,762
41,392	-	41,392
7,476	-	7,476
21,185	-	21,185
9,001	-	9,001

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**FORT WAYNE-ALLEN COUNTY  
CONVENTION AND VISITORS BUREAU, INC.**

Statements of Activities (Continued)  
Years Ended December 31, 2008 and 2007

	2008		
	Unrestricted	Temporarily Restricted	Total
<b>EXPENSES (Continued)</b>			
General and Administrative Expenses (Continued):			
Education and training	\$ 3,288	\$ -	\$ 3,288
Insurance - general	5,076	-	5,076
Office fixtures, repairs and maintenance	15,811	-	15,811
Other	1,528	-	1,528
Postage	7,279	-	7,279
Professional fees	4,458	-	4,458
Research	6,880	-	6,880
Supplies	12,962	-	12,962
Telephone	2,725	-	2,725
Utilities	8,749	-	8,749
	<u>172,380</u>	<u>-</u>	<u>172,380</u>
Total Expenses	<u>1,220,624</u>	<u>-</u>	<u>1,220,624</u>
<b>CHANGE IN NET ASSETS</b>	84,994	5,000	89,994
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>566,005</u>	<u>10,000</u>	<u>576,005</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 650,999</u>	<u>\$ 15,000</u>	<u>\$ 665,999</u>

See Notes to Financial Statements.

2007		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 6,239	\$ -	\$ 6,239
4,371	-	4,371
18,017	-	18,017
3,020	-	3,020
7,049	-	7,049
10,838	-	10,838
7,663	-	7,663
16,637	-	16,637
2,193	-	2,193
<u>8,582</u>	<u>-</u>	<u>8,582</u>
<u>173,425</u>	<u>-</u>	<u>173,425</u>
<u>1,085,675</u>	<u>-</u>	<u>1,085,675</u>
113,213	5,000	118,213
<u>452,792</u>	<u>5,000</u>	<u>457,792</u>
<u>\$ 566,005</u>	<u>\$ 10,000</u>	<u>\$ 576,005</u>

**FORT WAYNE-ALLEN COUNTY  
CONVENTION AND VISITORS BUREAU, INC.**

Statements of Cash Flows  
Years Ended December 31, 2008 and 2007

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 89,994	\$ 118,213
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	37,534	21,185
Reinvested interest on certificates of deposit	(13,021)	(8,749)
Bad debt expense	1,010	9,762
(Increase) Decrease in Assets:		
Accounts receivable - industry partner advertising	(16,217)	(8,105)
Accounts receivable - other	(2,500)	5,903
Inventory	(1,727)	-
Prepaid expenses	14,352	(1,742)
Increase (Decrease) in Liabilities:		
Accrued liabilities	(7,934)	19,312
Accrued paid absences	3,782	783
Deferred income - information kiosk advertising	(10,405)	21,068
Deferred income - industry partner advertising	(2,687)	73,625
Deferred income - program	<u>26,318</u>	<u>(12,700)</u>
Net Cash Provided By Operating Activities	118,499	238,555
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(50,176)	(65,003)
Certificates of deposit, net	<u>(126,206)</u>	<u>(158,760)</u>
Net Cash Used In Investing Activities	(176,382)	(223,763)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on note payable	<u>(5,143)</u>	<u>(5,610)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(63,026)	9,182
<b>CASH, BEGINNING OF YEAR</b>	<u>321,296</u>	<u>312,114</u>
<b>CASH, END OF YEAR</b>	<u>\$ 258,270</u>	<u>\$ 321,296</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES:</b>		
Reinvested interest on certificates of deposit	\$ 13,021	\$ 8,749

See Notes to Financial Statements.

**FORT WAYNE-ALLEN COUNTY  
CONVENTION AND VISITORS BUREAU, INC.**

Notes to Financial Statements  
December 31, 2008 and 2007

**Note 1. Organization and Significant Accounting Policies**

**Organization:**

The Fort Wayne-Allen County Convention and Visitors Bureau, Inc. (Bureau) is a not-for-profit organization which conducts marketing and sales programs to attract visitors to the convention and tourism facilities in the area in order to derive the economic and social benefits of a prosperous tourism industry. Its goal is to enhance the area's image as a destination for conventions, trade shows and leisure trips. The organization is governed by a board of directors comprised of appointees by the Mayor of Fort Wayne, the Commissioners of Allen County, The Fort Wayne-Allen County Convention and Tourism Authority (Grand Wayne Center) and the Allen County War Memorial Coliseum (Coliseum), as well as volunteer representatives from the hospitality industry and business community at large.

The Bureau's major source of revenue is two-sevenths of the 7% hotel room tax (one-sixth of the 6% hotel room tax prior to July 1, 2007) collected by the State under the Indiana Revenue Code. Other significant sources of revenue include sponsorships and industry partner advertising revenue collected from local businesses interested in promoting tourism.

**Basis of Accounting:**

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

**Basis of Presentation:**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Property and Equipment:**

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is three to five years. Acquisitions of property and equipment in excess of \$500 are capitalized. Depreciation expense for the years ended December 31, 2008 and 2007 totaled \$37,534 and \$21,185, respectively.

**Restricted and Unrestricted Revenue:**

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 other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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.

**FORT WAYNE-ALLEN COUNTY  
CONVENTION AND VISITORS BUREAU, INC.**

Notes to Financial Statements (Continued)  
December 31, 2008 and 2007

**Note 1. Organization and Significant Accounting Policies (Continued)**

Restricted and Unrestricted Revenue (Continued):

There were no permanently restricted net assets at December 31, 2008 and 2007. The amounts representing temporarily restricted net assets on the statement of financial position are to be set aside and used to reduce the rents at the Memorial Coliseum in order to entice sporting and other events to come to the Fort Wayne area. Amounts released from restrictions on the statement of activities represent amounts paid to reduce such rents.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Deferred Revenue:

Income from industry partner advertising and information kiosk advertising is deferred and recognized over the periods to which the marketing and promotions relate.

Advertising Costs:

Advertising costs are charged to operations when incurred and are included in total expenses. The amounts charged in 2008 and 2007 were \$198,445 and \$78,232, respectively.

Use of Estimates:

The preparation of the Bureau's financial statements in accordance 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.

Income Taxes:

The Bureau is incorporated in the State of Indiana as a 501(c)(6) organization; and therefore, is exempt from federal and state taxes.

**FORT WAYNE-ALLEN COUNTY  
CONVENTION AND VISITORS BUREAU, INC.**

Notes to Financial Statements (Continued)  
December 31, 2008 and 2007

**Note 2. Building Lease**

The Bureau leases office space for its main facilities. In October 2007, the lease was renewed for a 3 year period with monthly payments of \$3,712. Lease expense for the years ended December 31, 2008 and 2007 was \$44,547 and \$41,392, respectively.

Minimum annual lease obligations are as follows:

2009	\$ 44,547
2010	<u>33,410</u>
	<u>\$ 77,957</u>

**Note 3. Credit Risk and Concentrations**

The Bureau maintains operating cash balances at local area banks. Accounts are insured by the Federal Deposit Insurance Corporation. Amounts in excess of FDIC coverage at December 31, 2008 and 2007 were approximately \$318,524 and \$500,840, respectively.

**Note 4. Retirement Plan**

The Bureau provides a deferred compensation plan for all employees who have completed three years of service. Eligible employees receive a percentage of their salary towards an IRA established in their name. The plan is self-directed and noncontributory for the employees. Retirement plan expense was \$13,209 and \$9,815 for the years ended December 31, 2008 and 2007, respectively.



Certified Public Accountants • Business Consultants

**Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

The Board of Directors  
Fort Wayne-Allen County Convention and Visitors Bureau, Inc.  
Fort Wayne, Indiana

We have audited the financial statements of Fort Wayne-Allen County Convention and Visitors Bureau, Inc. (the Bureau) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 24, 2009. We conducted our 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*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Bureau's internal control over financial reporting 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 Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Baden, Gage & Schroeder, LLC*

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana  
April 24, 2009