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October 16, 2013

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, 2012 to December 31, 2012. 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, 2012, 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

WAYNE COUNTY CONVENTION AND
TOURISM BUREAU, INC.

FINANCIAL STATEMENTS

December 31, 2012 and 2011

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 7

Independent Auditor's Report

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

We have audited the accompanying statements Wayne County Convention and Tourism Bureau, Inc. (a nonprofit organization), which comprise of the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the year then ended, 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 principles generally accepted in the United States of America; this includes 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 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 an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant 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 financial position of Wayne County Convention and Tourism Bureau, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Fennimore & Associates PC

Richmond, Indiana
March 8, 2013

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Financial Position
For the Year Ended December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash	\$ 150,289	\$ 185,452
Government Receivable	146,098	100,313
Inventory	14,039	14,039
Prepaid Assets	1,826	2,587
Total Current Assets	312,252	302,391
PROPERTY AND EQUIPMENT		
Land & Building	874,158	871,667
Furniture & Fixtures	76,593	72,895
Interstate Signage	18,448	18,448
Vehicle	24,717	24,717
	993,916	987,727
Less Accumulated Depreciation	(310,059)	(294,201)
Net Property and Equipment	683,857	693,526
TOTAL ASSETS	\$ 996,109	\$ 995,917
 LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,750	\$ 3,639
Accrued Expenses	-	-
Deferred Revenue	-	-
Current Portion of Long Term Debt	-	-
Total Current Liabilities	2,750	3,639
Unrestricted Net Assets	993,359	992,278
TOTAL LIABILITIES AND NET ASSETS	\$ 996,109	\$ 995,917

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Activities
For the Year Ended December 31, 2012 and 2011

	2012	2011
REVENUE:		
Appropriations	\$ 438,294	\$ 401,250
Miscellaneous Income	3,745	230
Gift Shop Sales (Net of Cost of Goods Sold)	2,039	366
Interest Income	167	293
Total Unrestricted Revenue	444,245	402,139
ADMINISTRATIVE EXPENSES:		
Salaries	62,500	62,500
Outside Services	34,485	23,779
Travel and Mileage	3,233	3,475
Payroll Taxes	5,242	5,247
Office Supplies	7,408	8,438
Utilities	10,315	9,194
Legal and Accounting Fees	13,789	12,541
Insurance - Personnel	7,620	7,234
Telephone	3,342	2,850
Insurance - Business	6,384	6,324
Retirement	6,000	6,000
Office Equipment and Furniture	129	413
Depreciation	21,205	19,811
	181,652	167,806
PROMOTION EXPENSES:		
Salaries	139,057	136,398
Convention & Tourism Marketing	49,861	33,452
Welcome Center Wages	6,440	5,474
Project Development	2,281	3,961
Postage and Freight	4,511	6,557
Payroll Taxes	12,745	12,260
Insurance - Personnel	13,722	12,536
Telephone	2,424	2,622
Volunteer Expenses	2,835	2,505
Retirement	15,000	15,000
Public Relations	3,408	4,436
Dues and Memberships	4,482	2,932
Out of Town Expenses	1,377	1,440
Source Publications	196	443
Miscellaneous	2,241	1,624
Training and Education	510	1,139
Printing and Duplication	423	12,063
	261,513	254,841
Total Expenses	443,164	422,647
Change in Net Assets	1,080	(20,508)
Beginning Unrestricted Net Assets	\$ 992,279	\$ 1,012,787
Ending Unrestricted Net Assets	\$ 993,359	\$ 992,279

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Cash Flows
For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
OPERATING ACTIVITIES:		
Change in net assets	1,080	(20,508)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on Disposal of Assets		
Depreciation	<u>21,205</u>	<u>19,811</u>
	22,285	(697)
 Changes in operating assets and liabilities:		
Increase in accounts receivable	-	-
Decrease/Increase in appropriation receivable	(45,785)	-
Decrease/Increase in prepaids	761	29,362
Decrease/Increase in inventory	-	(1,130)
Decrease in deposits	-	-
Increase in accounts payable	(888)	962
Decrease in accrued expenses	<u>-</u>	<u>(12,285)</u>
Net Cash Used in Operating Activities	(23,627)	16,212
 INVESTING ACTIVITIES:		
Purchase of equipment	(9,044)	(1,144)
Purchase of building & improvements	<u>(2,492)</u>	<u>(5,499)</u>
Net Cash Used in Investing Activities	(11,536)	(6,643)
 FINANCING ACTIVITIES:		
Payments on lease	<u>-</u>	<u>-</u>
Net Cash Provided by Financing Activities	-	-
 NET INCREASE/DECREASE IN CASH	(35,163)	9,568
 CASH--beginning of year	<u>185,452</u>	<u>175,884</u>
 CASH--end of year	<u><u>150,289</u></u>	<u><u>185,452</u></u>

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Notes to Financial Statements
For the Year Ended December 31, 2012 and 2011

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.

The Bureau reviews its long assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with Statement of Financial Accounting Standards FASB No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Bureau to conclude the impairment indicators exist and that long-lived assets may be impaired.

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.

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Notes to Financial Statements
For the Year Ended December 31, 2012 and 2011

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

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 \$ 261,513 and \$ 254,841 for the year ended December 31, 2012 and 2011, respectively. For 2011, the costs associated with the biennial production and publications of The Bureau’s Visitor Guide to Richmond, Wayne County, Indiana are expensed, net of nominal third-party advertising revenue, as incurred.

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 12/31/12	Balance 12/31/11
Land	257,600	257,600
Building	480,144	480,144
Building Improvement	136,414	133,923
Interstate Signage	18,448	18,448
Vehicle	24,717	24,717
Furniture & fixtures	76,593	72,895
Total Cost	993,916	987,727
Less Accumulated Depreciation	(310,059)	(294,201)
	683,357	693,526

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 total retirement contribution for each of the years ended December 31, 2012 and 2011 was \$21,000 and \$21,000.

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

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Notes to Financial Statements
For the Year Ended December 31, 2012 and 2011

NOTE F – WAYNE COUNTY CONVENTION AND TOURISM BUILDING - (Continued)

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 – SUBSEQUENT EVENTS

These financial statements considered subsequent events through March 8, 2013, the date the financial statements were available to be issued.