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B44036

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

August 11, 2014

Board of Directors
DeKalb County Visitors Bureau, Inc.
500 S. Grandstaff Drive
P.O. Box 430, Suite C
Auburn, IN 46706

We have reviewed the audit report prepared by Leonard J. Andorfer & Co., LLP, as of January 1, 2010 to December 31, 2011. 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 DeKalb County Visitors Bureau, Inc., as of January 1, 2010 to December 31, 2011, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

DEKALB COUNTY VISITORS BUREAU, INC.

AUBURN, INDIANA

Financial Statements

as of December 31, 2011 and 2010

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LEONARD J. ANDORFER & CO., LLP
Certified Public Accountants

Park Lake Medical Building
2410 Lake Avenue - P.O. Box 5486 - Fort Wayne, Indiana 46895-5486
260-423-9405

INDEPENDENT AUDITOR'S REPORT


To The Board of Directors
DeKalb County Visitors Bureau, Inc.
Auburn, Indiana

We have audited the accompanying statements of financial position – modified cash basis of DeKalb County Visitors Bureau, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities and net assets – modified cash basis, and functional expenses – modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeKalb County Visitors Bureau, Inc. as of December 31, 2011 and 2010, and its changes in net assets for the years then ended, on the basis of accounting described in Note 2.


LEONARD J ANDORFER & CO., LLP
Certified Public Accountants

August 27, 2012

DEKALB COUNTY VISITORS BUREAU, INC.

Statement of Financial Position - Modified Cash Basis

ASSETS	<u>December 31 2011</u>	<u>December 31 2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 396,380	\$ 376,767
PROPERTY AND EQUIPMENT		
Furniture and equipment	17,238	17,238
Leasehold improvements	<u>8,691</u>	<u>8,691</u>
	25,929	25,929
Less: accumulated depreciation	<u>(25,929)</u>	<u>(23,032)</u>
Total Property and Equipment (net)	<u>-</u>	<u>2,897</u>
OTHER ASSETS		
Security deposit	<u>650</u>	<u>650</u>
TOTAL ASSETS	<u><u>\$ 397,030</u></u>	<u><u>\$ 380,314</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll taxes withheld	\$ 272	\$ 1,389
NET ASSETS		
Unrestricted net assets	396,758	378,925
Temporarily restricted net assets	-	-
Permanently restricted net assets	<u>-</u>	<u>-</u>
	<u>396,758</u>	<u>378,925</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 397,030</u></u>	<u><u>\$ 380,314</u></u>

The Notes to Financial Statements
are an integral part of the statements.

DEKALB COUNTY VISITORS BUREAU, INC.

**Statement of Activities and Net Assets - Modified Cash Basis
For the Years Ended December 31, 2011 and 2010**

	2011 <u>Unrestricted</u>	2010 <u>Unrestricted</u>
REVENUE		
Innkeeper's tax commission	\$ 249,222	\$ 246,620
Interest income	1,128	1,697
Marketing and other reimbursements	<u>24</u>	<u>9</u>
 Total Revenue	 250,374	 248,326
 EXPENSES		
Program Services	172,967	173,640
Supporting Services		
Management and general	59,574	49,216
Fundraising	-	-
 Total Expenses	 <u>232,541</u>	 <u>222,856</u>
 CHANGE IN NET ASSETS	 17,833	 25,470
 NET ASSETS - BEGINNING OF YEAR	 <u>378,925</u>	 <u>353,455</u>
 NET ASSETS - END OF YEAR	 <u>\$ 396,758</u>	 <u>\$ 378,925</u>

The Notes to Financial Statements
are an integral part of the statements.

DEKALB COUNTY VISITORS BUREAU, INC.
Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2011

	Program Services	Supporting Services Management and General	Fund Raising	Total Expenses
Compensation				
Salaries and wages	\$ 41,722	\$ 25,000	\$	\$ 66,722
Payroll taxes	3,437	2,060		5,497
Subtotal	45,159	27,060		72,219
Advertising and promotion	90,742			90,742
Bank charges	72			72
Conferences and meetings	568			568
Depreciation	2,897			2,897
Dues and subscriptions		1,905		1,905
Economic study		5,700		5,700
Grants	5,000			5,000
Insurance - D & O		861		861
Insurance - general		1,304		1,304
Internet	7,961			7,961
Office supplies and expenses		2,616		2,616
Outside services	5,875			5,875
Legal and professional fees		3,140		3,140
Meals and entertainment		371		371
Printing and publications	12,420			12,420
Rent		7,800		7,800
Strategic planning		7,860		7,860
Telephone	2,273			2,273
Utilities		957		957
Total Expenses	\$ 172,967	\$ 59,574	\$	\$ 232,541

The Notes to Financial Statements
are an integral part of the statements.

DEKALB COUNTY VISITORS BUREAU, INC.
Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2010

	Program Services	Supporting Services		Total Expenses
		Management and General	Fund Raising	
Compensation				
Salaries and wages	\$ 37,415	\$ 25,000	\$	\$ 62,415
Payroll taxes	3,061	2,046		5,107
Subtotal	<u>40,476</u>	<u>27,046</u>		<u>67,522</u>
Advertising and promotion	91,341			91,341
Bank charges		64		64
Conferences and meetings	1,438			1,438
Depreciation	2,897			2,897
Dues and subscriptions		2,150		2,150
Grants	10,000			10,000
Insurance - D & O		861		861
Insurance - general		1,004		1,004
Internet	11,546			11,546
Office supplies and expenses		1,430		1,430
Legal and professional fees		7,390		7,390
Meals and entertainment		242		242
Printing and publications	11,867			11,867
Rent		7,800		7,800
Telephone	4,075			4,075
Utilities		1,229		1,229
Total Expenses	<u>\$ 173,640</u>	<u>\$ 49,216</u>	<u>\$</u>	<u>\$ 222,856</u>

The Notes to Financial Statements
are an integral part of the statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities

The DeKalb County Visitors Bureau, Inc. (the Bureau) is a non-profit organization formed to promote tourism in DeKalb County, Indiana. The focus of the Bureau's efforts include maintaining a community climate that attracts conventions, trade shows, special events and visitors to DeKalb County including the promotion of recreational activities in the county. The Bureau was incorporated in Indiana on January 1, 2000 as a Non-Profit Domestic Corporation.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting – The Bureau's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of DeKalb County Visitors Bureau, Inc. and/or the passage of time. 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. Support that is restricted by the donor is reported as an increase in net unrestricted assets if the restriction expires or is met in the reported period in which the support is recognized.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by DeKalb County Visitors Bureau, Inc. Generally, the donors of these assets permit the Bureau to use all or part of the income earned on any related investments for general or specific purposes. The Bureau has no such assets at this time.

Financial Statement Presentation - The Bureau has adopted FASB ASC 958-210-45-8 (prior authoritative literature Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*"). Under FASB ASC 958-210-45-8, 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. In addition, the Bureau is required to present a statement of cash flows.

Contributions - The Bureau has adopted FASB ASC 958-605-05 (prior authoritative literature SFAS No. 116, "*Accounting for Contributions Received and Contributions Made*"). In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and /or nature of any donor restrictions.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Bureau considers all highly liquid investments available for current use to be cash equivalents.

Advertising Costs – Advertising and promotional programs are charged to expense during the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - Summary of 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. Depreciation is recorded over the estimated useful lives of the assets from three to five years. Depreciation expense amounted to \$2,897 for 2011 and 2010.

Use of Estimates - The preparation of financial statement 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.

Functional Expenses - The DeKalb County Visitors Bureau, Inc. allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to both functions are allocated by various statistical bases.

Income Taxes – DeKalb County Visitors Bureau, Inc. is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the 50% charitable contribution limitation. The organization has been classified as an organization that is not a private foundation under section 509(a) of the Internal Revenue Code. However, the organization is subject to federal income tax on any unrelated business taxable income. No unrelated business taxable income was reported in 2011 or 2010. The company is generally no longer subject to examination by the Internal Revenue Service for years before 2008.

The Bureau follows the guidance in FASB ASC 740-10-25 and determined no material unrecognized tax benefits or liabilities exist as of December 31, 2011. The adoption of 740-10-25 did not impact the Bureau's financial position or results of operations. If applicable, DeKalb County Visitors Bureau, Inc. will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of December 31, 2011 and 2010, DeKalb County Visitors Bureau, Inc. had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. DeKalb County Visitors Bureau, Inc. does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE 3 – Operating Lease

In December 2008 the Bureau entered into an operating lease for office space for an initial term of three years beginning January 1, 2009. This lease was renewed for the period January 1, 2012 to December 31, 2014. The lease is for \$23,400 payable in monthly installments of \$650. Lease expense amounted to \$7,800 for both the years ended December 31, 2011 and 2010. Future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2012	\$ 7,800
2013	7,800
2014	7,800

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 – Off Balance Sheet Risk

The Bureau maintains cash balances at two primary banks. Deposits at these institutions are insured by the Federal Deposit Insurance Corporation. Insured limits were permanently increased from \$100,000 to \$250,000 on July 21, 2010. The Bureau had deposits in excess of the federally insured limits at various times throughout the year. At December 31, 2011 and 2010, the Bureau had uninsured cash balances of \$30,095 and \$10,985, respectively.

NOTE 5 – Concentrations

DeKalb County Visitors Bureau, Inc. received 99.5% and 99.3% of its income for the years ended December 31, 2011 and 2010, respectively, from the DeKalb County Indiana's innkeeper's tax. Were it to occur, a significant reduction in the amount of this funding would have a major effect on the operations of the Bureau.

NOTE 6 – Subsequent Events

In preparing these financial statements, the Bureau has evaluated events and transactions for potential recognition or disclosure through August 27, 2012, the date the financial statements were available to be issued.