



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44845

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

February 23, 2015

Board of Directors
LaPorte County Convention & Visitors Bureau
4073 S. Franklin St.
Marquette Mall
Michigan City, IN 46360

We have reviewed the audit report prepared by Applegate & Company, PC, for the period January 1, 2013 to December 31, 2013. 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 LaPorte County Convention & Visitors Bureau, as of December 31, 2013, 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

LAPORTE COUNTY CONVENTION &
VISITORS BUREAU

ANNUAL REPORT
December 31, 2013

CONTENTS

<u>REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS</u>	1
 <u>FINANCIAL STATEMENTS</u>	
Statements of Revenue Collected, Expenses Paid, and Fund Balance - Modified Cash Basis	3
Statements of Assets, Liabilities and Fund Balance - Modified Cash Basis	4
Notes to the Financial Statements	5
 <u>REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION</u>	11
 Schedules of Expenses Paid	12

1421 South Woodland Avenue
Michigan City, Indiana 46360
(219) 871-7880
FAX (219) 879-0135
E-mail: admin@applecpa.com

Paul E. Applegate, CPA
John F. Applegate, PA
(1920-1991)
Blake E. Applegate, CPA
Megan M. Applegate, CPA
Ronald J. Delco, CPA
Charles C. Fox, CPA
Jason M. Nichols, CPA
Brenda K. Novak, CPA

REPORT OF INDEPENDENT AUDITORS

**Board of Directors
LaPorte County Convention & Visitors Bureau
Michigan City, Indiana**

We have audited the accompanying statements of LaPorte County Convention & Visitors Bureau (a nonprofit organization), which comprise the statements of assets, liabilities, and fund balance - modified cash basis as of December 31, 2013 and 2012, and the related statements of revenue collected, expenses paid, and fund balance - modified cash basis for the years 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the 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 from 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 the 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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 assets, liabilities, and fund balance of LaPorte County Convention & Visitors Bureau, and its revenue collected, expenses paid, and fund balance for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Applegate & Company
APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
October 27, 2014

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

STATEMENTS OF REVENUE COLLECTED, EXPENSES PAID, AND FUND BALANCE -
MODIFIED CASH BASIS

For the years ended December 31, 2013 and 2012

	<u>2 0 1 3</u>	<u>% To</u>	<u>2 0 1 2</u>	<u>% To</u>
	<u>Amount</u>	<u>Total</u>	<u>Amount</u>	<u>Total</u>
		<u>Income</u>		<u>Income</u>
<u>REVENUES COLLECTED</u>				
Innkeepers tax	\$ 946,019	65.49 %	\$ 916,181	63.12 %
Gaming tax	384,226	26.60	391,280	26.96
Specialty guides			1,200	.08
Distribution services revenue	33,695	2.33	33,643	2.32
Special events revenue	72,525	5.02	98,018	6.75
Retail store revenue	7,484	.52	10,430	.72
Interest revenue	291	.02	386	.03
Miscellaneous revenue	235	.02	353	.02
Total income	<u>1,444,475</u>	<u>100.00</u>	<u>1,451,491</u>	<u>100.00</u>
<u>EXPENSES PAID</u>				
Program service expenses	530,353	36.71	482,943	33.27
General and administrative	<u>1,032,023</u>	<u>71.45</u>	<u>1,072,003</u>	<u>73.86</u>
Total operating expenses	<u>1,562,376</u>	<u>108.16</u>	<u>1,554,946</u>	<u>107.13</u>
<u>OTHER EXPENSE</u>				
Interest expense	<u>(1,318)</u>	<u>(.09)</u>	<u>(2,480)</u>	<u>(.17)</u>
<u>EXCESS OF EXPENSES PAID</u>				
<u>OVER REVENUE COLLECTED</u>				
	(119,219)	<u>(8.25) %</u>	(105,935)	<u>(7.30) %</u>
<u>FUND BALANCE AT BEGINNING</u>				
<u>OF YEAR</u>				
	<u>604,424</u>		<u>710,359</u>	
<u>FUND BALANCE AT END OF YEAR</u>				
	<u>\$ 485,305</u>		<u>\$ 604,424</u>	

The accompanying notes are an integral part of these financial statements.

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS

December 31, 2013 and 2012

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$391,966	\$489,439
<u>PROPERTY AND EQUIPMENT (Note 1)</u>		
Leasehold improvements	57,873	57,873
Office furnishings and equipment	196,613	196,613
Vehicles	<u>75,038</u>	<u>75,038</u>
Total cost	329,524	329,524
Accumulated depreciation	<u>238,702</u>	<u>196,474</u>
Net property and equipment	<u>90,822</u>	<u>133,050</u>
<u>OTHER ASSETS</u>		
Security deposit	<u>8,000</u>	<u>8,000</u>
Total other assets	<u>8,000</u>	<u>8,000</u>
Total assets	<u>\$490,788</u>	<u>\$630,489</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of capital lease obligation (Note 4)	\$ 3,917	\$ 15,944
Payroll liabilities	1,487	1,968
Retirement contribution payable		3,531
United Way payable		40
Sales tax payable	<u>79</u>	<u>665</u>
Total current liabilities	<u>5,483</u>	<u>22,148</u>
<u>LONG-TERM LIABILITIES</u>		
Capital lease obligation (Note 4)	<u> </u>	<u>3,917</u>
<u>FUND BALANCE</u>		
Fund balance	<u>485,305</u>	<u>604,424</u>
Total liabilities and fund balance	<u>\$490,788</u>	<u>\$630,489</u>

The accompanying notes are an integral part of these financial statements.

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITY - LaPorte County Convention & Visitors Bureau is a not-for-profit organization located in LaPorte County, Indiana. The Bureau promotes tourism and provides information on current events in LaPorte County. The Bureau receives most of its revenue from the local innkeepers tax and gaming tax.

ACCOUNTING METHOD - The records of the LaPorte County Convention & Visitors Bureau are maintained on a modified cash basis of accounting. Under this method of accounting, with the exception of recording depreciation, transactions are recorded only as cash is received or disbursed. Consequently, 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.

PROPERTY AND EQUIPMENT - Leasehold improvements, office furnishings, equipment, and vehicles are stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Depreciation is computed according to estimated useful lives of the respective assets on the straight-line method as follows:

Building	31-1/2 - 39 years
Office equipment and furnishings	5 - 10 years
Vehicles	5 years

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When properties are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation and any resultant gains or losses are credited or charged to income.

Depreciation expense was \$42,228 and \$42,546 for the years ended December 31, 2013 and 2012, respectively.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the valuation of investments. Actual results could differ from those estimates.

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bureau has a number of financial instruments, none of which are held for trading purposes. The Bureau estimates that the fair value of all financial instruments at December 31, 2013 and 2012 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated amounts have been determined by the Bureau using available

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Bureau could realize in a current market exchange.

NOTE 3 - INCOME TAXES

The Bureau is a not-for-profit corporation that is exempt from federal and state income tax under Section 501(c)(6) of the Internal Revenue Code and a similar section of the state income tax law. The Bureau has unrelated business income from souvenir sales. No provision has been made for income tax as the Bureau anticipates the associated expenses will exceed revenue.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification "Accounting for Uncertainty in Income Taxes," that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Bureau's income tax returns. The Bureau has adopted the Standard. The Bureau evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2013, the Bureau does not

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

NOTE 3 - INCOME TAXES (Continued)

believe that it has taken any tax positions that would require the recording of any tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Bureau's income tax returns are subject to examination by the appropriate taxing jurisdictions and the open tax years are 2010-2013.

NOTE 4 - CAPITAL LEASE

The Bureau leases a copier from Great America Leasing Corporation, under a capital lease. The economic substance of the lease is that the Bureau is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Bureau's assets and liabilities.

On October 25, 2011, the Bureau entered into a capital lease with 1st Source Bank for the acquisition of a vehicle. The economic substance of the lease is that the Bureau is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Bureau's assets and liabilities. As of December 31, 2013, the lease is paid in full.

The following is a schedule of future minimum rentals under the leases at December 31, 2013:

2014	<u>\$3,917</u>
Total	<u>\$3,917</u>

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

NOTE 5 - DEFINED CONTRIBUTION PLAN

The Bureau contributed to a defined contribution plan administered by Putnam Fiduciary Trust for the years ended December 31, 2013 and 2012. For each qualifying employee who elects to contribute a minimum \$10 per pay period of his or her salary, the Bureau will, in turn, contribute an amount equal to 5% of his or her wages. The Bureau's defined contribution plan expense for the years ended December 31, 2013 and 2012 was \$42,260 and \$42,159, respectively.

NOTE 6 - COMMITMENTS

On April 27, 2012, the Bureau signed a new five-year lease agreement with Marquette Mall Properties, LTD. The lease began January 1, 2013 with monthly payments of \$4,000. There will be an increase of 3% per year in the rent payments for the term of the lease.

The following is a schedule of future minimum rentals under the lease at December 31, 2013:

2014	\$ 49,440
2015	50,923
2016	52,451
2017	<u>54,024</u>
Total	<u>\$206,838</u>

The rent expense for the years ended December 31, 2013 and 2012 was \$48,000 and \$100,000, respectively.

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Bureau maintains its cash balances in a local financial institution. At December 31, 2013, the Bureau's cash balances totaled \$430,295. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

NOTE 8 - SUBSEQUENT EVENTS

During 2014, the Bureau is involved in continued litigation involving the applicability of innkeeper's tax on complimentary hotel rooms provided to guests. The Bureau does not believe there will be any future liability involving this matter. However, they do feel it may affect future revenue.

As of October 27, 2014, which is the date the financial statements were available to be issued, there were no further subsequent events to be disclosed.

APPLEGATE & COMPANY, PC

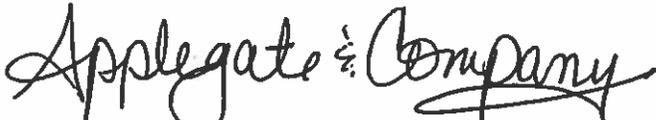
1421 South Woodland Avenue
Michigan City, Indiana 46360
(219) 871-7880
FAX (219) 879-0135
E-mail: admin@applecpa.com

CERTIFIED PUBLIC ACCOUNTANTS

Paul E. Applegate, CPA
John E. Applegate, PA
(1920-1991)
Blake E. Applegate, CPA
Megan M. Applegate, CPA
Ronald J. Delco, CPA
Charles C. Fox, CPA
Jason M. Nichols, CPA
Brenda K. Novak, CPA

**Board of Directors
LaPorte County Convention &
Visitors Bureau
Michigan City, Indiana**

We have audited the financial statements of LaPorte County Convention & Visitors Bureau as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated October 27, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses paid are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
October 27, 2014

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

SCHEDULES OF EXPENSES PAID

For the years ended December 31, 2013 and 2012

	<u>2 0 1 3</u>		<u>2 0 1 2</u>	
	<u>Amount</u>	<u>% to</u> <u>Income</u>	<u>Amount</u>	<u>% to</u> <u>Income</u>
Program service expenses				
Printing expense	\$ 7,748	.54%	\$ 7,440	.51%
Research and development	10,250	.71	10,600	.73
Advertising expense	173,050	11.98	211,151	14.55
Sponsorship expense	48,386	3.35	33,192	2.29
Distribution expense	14,812	1.03	13,726	.95
Licenses and permits			195	.01
Technology expense	17,528	1.21	25,385	1.75
Special event activities expense	252,719	17.49	174,495	12.02
Retail store cost of goods sold	<u>5,860</u>	<u>.40</u>	<u>6,759</u>	<u>.46</u>
Total program service expenses	<u>530,353</u>	<u>36.71</u>	<u>482,943</u>	<u>33.27</u>
General and administrative expenses				
Salaries and wages	513,683	35.56	512,359	35.30
Payroll taxes	45,887	3.18	45,331	3.12
Group insurance	124,061	8.59	97,964	6.75
Training	2,938	.20	2,417	.17
Employer retirement expense	42,260	2.93	42,159	2.90
Rent expense	48,000	3.32	100,000	6.89
Dues and subscriptions	16,424	1.14	14,219	.98
Depreciation	42,228	2.92	42,546	2.93
Seminar expense	1,673	.12	1,772	.12
Office supplies	2,102	.15	2,557	.18
Lease expense	1,604	.11	1,307	.09
Utilities	17,186	1.19	14,313	.99
Telephone	19,979	1.38	22,454	1.55
Small tools and supplies	14,137	.98	16,905	1.16
Postage	7,895	.55	10,090	.70
Maintenance and repairs	20,087	1.39	20,438	1.41
Insurance	12,881	.89	11,711	.81
Professional services	53,594	3.71	74,113	5.10
Travel	41,838	2.90	34,421	2.37
Charges and fees	3,566	.24	4,886	.34
Miscellaneous			<u>41</u>	
Total general and administrative expenses	<u>1,032,023</u>	<u>71.45</u>	<u>1,072,003</u>	<u>73.86</u>
Total expenses	<u>\$1,562,376</u>	<u>108.16%</u>	<u>\$1,554,946</u>	<u>107.13%</u>