



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B46834

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](http://www.in.gov/sboa)

August 25, 2016

Board of Directors  
Hendricks County 4-H and Agricultural Fair Association, Inc.  
1900 E. Main Street  
Danville, IN 46122

We have reviewed the audit report prepared by Donovan, for the period January 1, 2015 to December 31, 2015. 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 Hendricks County 4-H and Agricultural Fair Association, Inc., as of December 31, 2015, 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

**HENDRICKS COUNTY 4-H AND AGRICULTURAL  
FAIR ASSOCIATION, INC.**

FINANCIAL STATEMENTS  
Together with Independent Auditors' Report

For The Years Ended December 31, 2015 and 2014

## TABLE OF CONTENTS

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1 - 2</b>
 <b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position – Modified Cash Basis .....	3
Statements of Activities and Changes in Net Assets – Modified Cash Basis .....	4
Statements of Cash Flows – Modified Cash Basis .....	5
Statements of Functional Expenses – Modified Cash Basis .....	6 - 7
Notes to Financial Statements .....	8 - 10



### ***Independent Auditors' Report***

To the Board of Directors and Management  
Hendricks County 4-H and Agricultural Fair Association, Inc.  
Danville, Indiana

We have audited the accompanying financial statements of Hendricks County 4-H and Agricultural Fair Association, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended and the related notes to the financial statements. Each of the financial statements was prepared using the modified cash basis of accounting as described in Note 1.

#### ***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 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 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 financial position of Hendricks County 4-H and Agricultural Fair Association, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity 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 this matter.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large initial "D".

April 8, 2016

**HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS**  
**December 31, 2015 and 2014**

ASSETS	2015			2014
	Unrestricted	Temporarily Restricted	Total	Unrestricted
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 385,639	\$ 18,805	\$ 404,444	\$ 310,781
<b>PROPERTY AND EQUIPMENT</b>				
Buildings	804,927	-	804,927	804,927
Machinery and equipment	766,779	-	766,779	748,989
Land improvements	315,495	-	315,495	315,495
Less accumulated depreciation	(1,371,588)	-	(1,371,588)	(1,270,923)
<i>Property and equipment, net</i>	515,613	-	515,613	598,488
<b>TOTAL ASSETS</b>	\$ 901,252	\$ 18,805	\$ 920,057	\$ 909,269
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Payroll liabilities	\$ 3,420	\$ -	\$ 3,420	\$ 6,845
Deposits payable	37,915	-	37,915	6,520
<i>Total current liabilities</i>	41,335	-	41,335	13,365
<b>NET ASSETS</b>	859,917	18,805	878,722	895,904
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 901,252	\$ 18,805	\$ 920,057	\$ 909,269

See independent auditors' report and accompanying notes to financial statements

**HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS -**  
**MODIFIED CASH BASIS**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>			<u>2014</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>
<b>SUPPORT AND REVENUE</b>				
<i>Support</i>				
Hendricks County appropriation	\$ 395,000	\$ -	\$ 395,000	\$ 397,461
Hendricks County innkeepers tax	199,269	-	199,269	184,771
Contributions and sponsorships	22,050	18,787	40,837	17,000
Memorial gifts	7,275	-	7,275	-
<i>Total support</i>	<u>623,594</u>	<u>18,787</u>	<u>642,381</u>	<u>599,232</u>
<i>Revenue</i>				
Fair income	275,704	-	275,704	302,224
Conference center rental income	133,237	-	133,237	124,125
Boat and storage rental fees	44,060	-	44,060	42,340
Camping fees	1,150	-	1,150	100
Interest Income	306	18	324	305
Miscellaneous income (expense)	1,859	-	1,859	(2,840)
<i>Total revenue</i>	<u>456,316</u>	<u>18</u>	<u>456,334</u>	<u>466,254</u>
<i>Total support and revenue</i>	<u>1,079,910</u>	<u>18,805</u>	<u>1,098,715</u>	<u>1,065,486</u>
<b>EXPENSES</b>				
<i>Program expenses</i>				
Fair expense	496,368	-	496,368	566,601
Facilities expense	407,198	-	407,198	362,425
Other program expenses	95,357	-	95,357	92,630
<i>Total program expenses</i>	<u>998,923</u>	<u>-</u>	<u>998,923</u>	<u>1,021,657</u>
<i>Supporting expenses</i>				
General and administrative	75,508	-	75,508	74,106
Fundraising	41,466	-	41,466	40,711
<i>Total supporting expenses</i>	<u>116,975</u>	<u>-</u>	<u>116,975</u>	<u>114,817</u>
<i>Total expenses</i>	<u>1,115,897</u>	<u>-</u>	<u>1,115,897</u>	<u>1,136,474</u>
<b>CHANGE IN NET ASSETS</b>	(35,987)	18,805	(17,182)	(70,988)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>895,904</u>	<u>-</u>	<u>895,904</u>	<u>966,892</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 859,917</u>	<u>\$ 18,805</u>	<u>\$ 878,722</u>	<u>\$ 895,904</u>

See independent auditors' report and accompanying notes to financial statements

**HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (17,182)	\$ (70,988)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation expense	100,665	104,876
Changes in certain assets and liabilities		
Payroll liabilities	(3,425)	3,282
Deposits payable	31,395	-
	111,453	37,170
<i>Net cash provided by operating activities</i>		
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(17,790)	(19,440)
<b>NET INCREASE IN CASH</b>	93,663	17,730
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	310,781	293,051
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 404,444	\$ 310,781

See independent auditors' report and accompanying notes to financial statements

**HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**For the Year Ended December 31, 2015**

	Program Expenses			Supporting Expenses		Total 2015	
	Fair Expense	Facilities Expense	Other Program	Subtotal Program	General and Administrative		Fundraising
Direct fair expenses	\$ 273,869	\$ -	\$ -	\$ 273,869	\$ -	\$ -	\$ 273,869
Salaries and wages	62,198	88,854	26,656	177,708	20,907	10,453	209,068
Utilities	42,544	60,777	18,233	121,553	14,300	7,150	143,004
Depreciation expense	29,948	42,783	12,835	85,565	10,067	5,033	100,665
Insurance expense	20,330	29,043	8,713	58,086	6,834	3,417	68,337
Repairs and maintenance	21,091	30,130	9,039	60,259	-	-	60,259
Innkeepers expense	-	51,491	-	51,491	-	-	51,491
Equipment and rental	13,404	19,148	5,744	38,296	4,505	2,253	45,054
Employee benefits	10,683	15,261	4,578	30,523	3,591	1,795	35,909
Janitorial and supplies	-	26,135	-	26,135	-	-	26,135
Payroll taxes	5,352	7,645	2,294	15,291	1,799	899	17,989
Legal and professional	4,244	6,063	1,819	12,127	1,427	713	14,267
Grounds	-	11,716	-	11,716	-	-	11,716
Operations	-	-	-	-	4,062	4,062	8,124
Board expense	-	-	-	-	3,770	3,770	7,540
Contract services	1,896	2,709	813	5,418	637	319	6,374
Telephone	1,285	1,836	551	3,671	408	-	4,079
Computer expense	137	195	59	390	46	23	459
Truck pull	-	-	-	-	-	-	-
Miscellaneous	9,389	13,412	4,024	26,824	3,156	1,578	31,558
<i>Totals</i>	<u>\$ 496,368</u>	<u>\$ 407,198</u>	<u>\$ 95,357</u>	<u>\$ 998,923</u>	<u>\$ 75,508</u>	<u>\$ 41,466</u>	<u>\$ 1,115,897</u>

See independent auditors' report and accompanying notes to financial statements

**HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**For the Year Ended December 31, 2014**

	Program Expenses			Supporting Expenses		Total 2014	
	Fair Expense	Facilities Expense	Other Program	Subtotal Program	General and Administrative		Fundraising
Direct fair expenses	\$ 350,465	\$ -	\$ -	\$ 350,465	\$ -	\$ -	\$ 350,465
Salaries and wages	59,329	84,756	25,427	169,511	19,943	9,971	199,425
Utilities	44,876	64,108	19,232	128,217	15,084	7,542	150,843
Depreciation expense	31,201	44,572	13,372	89,145	10,488	5,244	104,876
Insurance expense	17,863	25,518	7,655	51,037	6,004	3,002	60,043
Repairs and maintenance	18,603	26,576	7,973	53,152	-	-	53,152
Equipment and rental	13,767	19,666	5,900	39,333	4,627	2,314	46,274
Innkeepers expense	-	30,059	-	30,059	-	-	30,059
Employee benefits	8,823	12,605	3,781	25,209	2,966	1,483	29,658
Payroll taxes	5,106	7,294	2,188	14,588	1,716	858	17,162
Legal and professional	4,874	6,963	2,089	13,926	1,638	819	16,383
Janitorial and supplies	-	13,512	-	13,512	-	-	13,512
Grounds	-	10,088	-	10,088	-	-	10,088
Board expense	-	-	-	-	4,909	4,909	9,818
Contract services	2,009	2,870	861	5,741	675	338	6,754
Operations	-	-	-	-	2,824	2,824	5,648
Telephone	1,314	1,877	563	3,754	417	-	4,171
Computer expense	230	328	98	656	77	39	772
Miscellaneous	8,143	11,633	3,490	23,265	2,737	1,369	27,371
<i>Totals</i>	<u>\$ 566,601</u>	<u>\$ 362,425</u>	<u>\$ 92,630</u>	<u>\$ 1,021,657</u>	<u>\$ 74,106</u>	<u>\$ 40,711</u>	<u>\$ 1,136,474</u>

See independent auditors' report and accompanying notes to financial statements

**HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2015 and 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations – The Hendricks County 4-H and Agricultural Fair Association, Inc. (the Association) was formed in 1938 as a non-profit organization in Hendricks County, Indiana. The Association sponsors annual fair and other activities in which youth may learn agricultural, consumer, family and home industries and other life skills.

Basis of Accounting – The Association maintains its books 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. Under modified cash basis accounting, donations and support are recognized as revenue when received and expenses are recognized when paid.

Basis of Presentation – The Association reports financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Association. Temporarily restricted net assets represent resources restricted by donors for specific purposes for which restrictions have not yet been met. Permanently restricted net assets represent donated resources with stipulations that they be used for specific purpose, be preserved, or be invested to provide a permanent source of income. In 2015, the Association received a donation from the Hendricks County Community Foundation and conducted its own fundraiser to establish a fund, the proceeds of which are to be used to maintain and improve the Cartilage Barn. The total of these contributions is approximately \$18,800 and is classified as temporarily restricted. The Association has no permanently restricted net assets.

Cash and Cash Equivalents – The Association considers all cash on hand, funds deposited at financial institutions, demand deposit accounts, money market funds and securities with original maturities of three months or less to be cash and cash equivalents for the statements of cash flows. There were no cash equivalents at December 31, 2015 or 2014.

Property and Equipment – Property and equipment is valued at historical cost and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. It is the Association's policy to capitalize purchases of property and equipment that benefits future periods and exceeds \$1,000. The Association is in possession of certain assets owned by Hendricks County. These assets are not reflected in the financial statements. Depreciation expense for the years ended December 31, 2015 and 2014 was \$100,665 and 104,876, respectively.

Income Taxes – Hendricks County 4-H and Agricultural Fair Association, Inc. is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Forms 990, *Return of Organization Exempt from Income Tax*, of the Association are subject to examination by the IRS, generally for three years after they were filed. The Association is currently not under any federal or state audits.

Contributed Goods and Services – A substantial number of unpaid volunteers have made significant contributions of their time to the Association's program services. The financial statements do not recognize the value of these donated services as they do not meet the recognition requirements under the Contributed Services topic of the Financial Accounting Standards Board Accounting Codification. However, the Association recognizes other non-cash contributions, including goods and property and equipment, at their estimated fair values at the date of donation.

**HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2015 and 2014**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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. Actual results could differ from those estimates.

Advertising – The Association expenses advertising costs as they are incurred. The total advertising expense for the years ended December 31, 2015 and 2014 was \$35,790 and \$23,681, respectively. Advertising expense is included in direct fair expenses and innkeepers expense on the statements of functional expenses – modified cash basis.

Subsequent Events - The Association has evaluated all events to the financial statement date of December 31, 2015 through April 8, 2016, which is the date these financial statements were available to be issued, and have determined that there are no subsequent events that require disclosure under FASB Accounting Standards Codification Topic 855, *Subsequent Events*.

**NOTE 2 - PROPERTY LEASE**

The Association leases the fairgrounds property from Hendricks County, Indiana. The lease is a 50 year lease expiring on August 31, 2055. The lease terms require an annual payment of \$1. The Association prepaid the entire term of the lease in the amount of \$50 in 2005.

**NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses are classified according to the functional purpose for which the costs are incurred. The cost of providing program and support services has been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**NOTE 4 - SUPPORT AND REVENUE**

The Association derives its support and revenue from several sources. Over 50% of support and revenue is obtained from Hendricks County through appropriations, innkeepers tax allocations, and County cumulative fund distributions. Revenue is earned through various events including the annual fair, rental of the conference center, boat and storage rental fees and camping fees.

**NOTE 5 - SICK DAYS**

The Association offers a certain number of benefit days (sick days) to each of its employees. Employees receive sick time at the rate of 9 days per year. The employee can carry over sick days each year until a maximum accumulation of 36 days has been reached. Employees that resign due to permanent disability or retirement and have greater than 10 years of service shall be granted pay for accrued sick time at a rate that is calculated based upon the years of service. No sick day payout is currently accrued.

**HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2015 and 2014**

**NOTE 7 - CARTLIDGE BARN**

The Association received a non-cash contribution of the Cartlidge Barn in 2013. This historical barn stood in Hendricks County along a major highway for over 180 years and was relocated to the fairgrounds. The contributed value of the building was based on the fair market value at the date of donation including the cost to facilitate the relocation, reconstruction and improvements.

As of December 31, 2015, the Association has \$18,805 temporarily restricted for the purpose of maintaining and improving the Cartilage Barn. No expenses were paid from these restricted funds in 2015.