



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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May 14, 2025

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

We have reviewed the audit report of the Wayne County Convention and Tourism Bureau, Inc. which was opined upon by RBSK Partners PC, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, 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, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, RBSK Partners PC prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

Wayne County Convention
and Tourism Bureau, Inc.

Financial Statements

December 31, 2023

Wayne County Convention and Tourism Bureau, Inc.

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Independent Auditor's Report

To the Board of Directors of
Wayne County Convention and Tourism Bureau, Inc.

Opinion

We have audited the accompanying financial statements of Wayne County Convention and Tourism Bureau, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wayne County Convention and Tourism Bureau, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wayne County Convention and Tourism Bureau, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Wayne County Convention and Tourism Bureau, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wayne County Convention and Tourism Bureau, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

RBSK Partners pc

Greensburg, Indiana
October 9, 2024

Wayne County Convention and Tourism Bureau, Inc.

Statement of Financial Position

December 31, 2023

Assets

Current Assets:

Cash	\$ 763,231
Grants receivable	294,530
Inventory	31,310
Prepaid expenses	1,002
Total current assets	<u>1,090,073</u>

Fixed Assets

Land and building	737,744
Building improvements	176,798
Furniture and fixtures	76,568
Interstate signage	18,448
Vehicle	13,688
Electronic marquee sign	26,713
	<u>1,049,959</u>
Less - accumulated depreciation	<u>461,389</u>
Fixed Assets, net	<u>588,570</u>

Total Assets \$ 1,678,643

Liabilities

Current Liabilities

Accounts payable	\$ 1,874
Accrued payroll	1,006
Sales tax payable	243
Total current liabilities	<u>3,123</u>

Net Assets

Without donor restrictions	<u>1,675,520</u>
Total net assets	<u>1,675,520</u>

Total Liabilities and Net Assets \$ 1,678,643

Notes to financial statements are an integral part of these statements.

Wayne County Convention and Tourism Bureau, Inc.

Statement of Activities

For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>
Revenue	
Appropriations	\$ 883,588
Gift shop sales	30,586
Interest income	20,857
Miscellaneous income	2,225
Total revenue	<u>937,256</u>
Functional Expenses	
Administrative	235,169
Promotion	622,747
Total Expenses	<u>857,916</u>
Change in Net Assets	79,340
Net Assets, Beginning of Year	<u>1,596,180</u>
Net Assets, End of Year	<u>\$ 1,675,520</u>

Notes to financial statements are an integral part of these statements.

Wayne County Convention and Tourism Bureau, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2023

	<u>Administrative</u>	<u>Promotion</u>	<u>Total</u>
Salaries	93,000	227,044	320,044
Travel and mileage	5,552	---	5,552
Payroll taxes	7,685	20,422	28,107
Office supplies	19,233	3,783	23,016
Utilities	10,286	---	10,286
Legal and accounting fees	1,641	---	1,641
Insurance - personnel	11,849	39,119	50,968
Telephone	3,478	21	3,499
Insurance - business	10,650	---	10,650
Retirement	8,000	21,000	29,000
Repairs and maintenance	34,959	---	34,959
Processing fees	4,496	---	4,496
Depreciation	24,340	---	24,340
Convention and tourism marketing	---	152,277	152,277
Cost of goods sold - gift shop	---	48,012	48,012
Welcome center wages	---	13,642	13,642
Project development	---	55,370	55,370
Postage and freight	---	12,221	12,221
Volunteer expenses	---	6,388	6,388
Public relations	---	967	967
Dues and memberships	---	15,416	15,416
Source publications	---	516	516
Miscellaneous	---	5,796	5,796
Training and education	---	753	753
Total Expenses	\$ 235,169	\$ 622,747	\$ 857,916

Notes to financial statements are an integral part of these statements.

Wayne County Convention and Tourism Bureau, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2023

Cash Flows from Operating Activities

Change in net assets	\$ 79,340
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	24,340
Other changes that provided (used) cash:	
Grants receivable	(52,185)
Inventory	(12,097)
Prepaid expenses	1,736
Accounts payable	1,874
Accrued payroll	1,006
Sales tax payable	58
Net cash provided by operating activities	<u>44,072</u>

Cash Flows from Investing Activities

Purchase of property and equipment	<u>(45,891)</u>
Net cash used in investing activities	<u>(45,891)</u>

Net Decrease in Cash and Cash Equivalents (1,819)

Cash and Cash Equivalents at Beginning of Year 765,050

Cash and Cash Equivalents at End of Year \$ 763,231

Supplemental Cash Flow Disclosures:

Interest paid	\$ ---
Income taxes paid	---

Notes to financial statements are an integral part of these statements.

Wayne County Convention and Tourism Bureau, Inc.

Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Wayne County Convention and Tourism Bureau, Inc. (the "Bureau") is presented to assist in understanding the Bureau's financial statements. The financial statements and notes are representations of the Bureau's management, who is responsible for their integrity and objectivity. The records of the Bureau are maintained in accordance with U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations

Wayne County Convention and Tourism Bureau, Inc. (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. The Bureau incorporated under the laws of the State of Indiana in 1990. The Bureau is funded primarily by an annual allocation of the "county innkeeper's tax" (CIT) whose budget is reviewed and approved by the Wayne County Council. The CIT is collected by the 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.

Use of 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Bureau considers all liquid investments with original maturities of three months or less to be cash equivalents.

Inventories

Inventory consists of Welcome Center retail items, brochures and excess office supplies. Inventory is stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out (FIFO) method.

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at its estimated fair value. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes as follows:

Asset	Years
Buildings and building improvements	10-39
Furniture and fixtures	3-10
Signage	10
Vehicles	5-7

Acquisitions of property and equipment with a useful life exceeding one year and all expenditures for major renewals and betterments that materially prolong the useful lives of assets are capitalized. Repairs, maintenance and minor renewals are expensed as incurred.

Net Assets

The Bureau reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Bureau and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Bureau currently does not hold any net assets with donor restrictions.

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 Bureau is exempt from income (and certain payroll and sales) taxes under Section 501(c)(6) of the U. S. Internal Revenue Code and similar state provisions and is not considered to be a private foundation.

The Bureau's federal and state income tax returns for 2020, 2021, 2022 and 2023 are subject to examination by taxing authorities, generally for three years after they are filed.

Donated Assets and Services

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Bureau reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Bureau reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Donated assets that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Donated services are recognized as contributions in accordance with generally accepted accounting principles if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Bureau. Volunteers also donate their time and perform a variety of tasks throughout the year that assist the Bureau with specific programs and various committee assignments that are not recognized as contributions in the financial statements since the criteria are not met.

Public Support and Revenue Recognition

Contributions and grants, which include essentially all of the Bureau's public support, are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions (rather than exchange transactions) in instances in which the resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets exists. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable advances.

The Bureau's collection of its allocation of the county innkeeper's tax (CIT) is conditioned upon the County's receipt of sufficient CIT funding in order to satisfy the Bureau's annual appropriation. Therefore, the Bureau records its allocation of the CIT on a monthly basis only when it has been notified by the County that the funding has been received and approved.

Promotional Expenses

Marketing and promotional costs are expensed as incurred. Promotional expenses were \$574,735 for the year ended December 31, 2023.

Recently Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”). ASU 2016-13 replaces the current incurred loss impairment model with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. ASU 2016-13 became effective for the Bureau's fiscal year beginning on January 1, 2023. As a result of the Bureau's assessment on its receivables, management has determined that ASU 2016-13 did not have a material impact on the financial statements.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Bureau's ability to continue as a going concern for a period of one year from the date the financial statements are issued.

Subsequent Events

The Bureau evaluated subsequent events through October 9, 2024, the date these financial statements were available to be issued.

2. 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 not tax deferred but, rather, are treated as taxable 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. Total payments for 2023 were \$29,000.

3. 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 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 Innkeeper's 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 created by the Wayne County Innkeeper's Tax enabling legislation, the financial impact on future cash flow of the Bureau is directly related.

4. Concentration of Credit Risk

Major Resource Provider Concentration

A material part of the Bureau's revenue is dependent on appropriations of the county innkeeper's tax (CIT) from Wayne County, Indiana. For the year ended December 31, 2023, the CIT accounted for \$883,588 (94%) of total revenue. The loss of this funding could have a materially adverse effect on the Bureau.

5. Commitments and Contingencies

Certain grants and contracts may require the fulfillment of certain conditions as set forth in the instrument. Failure to fulfill the conditions could result in the return of the fund to grantors. Although that is a possibility, the Bureau deems the contingency remote, since by accepting the funds and their terms, it has accommodated the objectives of the Bureau to the provisions of the grant or contract.

6. Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following:

	2023
Undesignated	\$ 1,625,520
Building/Lot Maintenance Reserve	<u>50,000</u>
	<u>\$ 1,675,520</u>

The Building/Lot Maintenance Reserve is a board designated account. The amount by which expenses are less than the budgeted amount for the Building/Lot Maintenance Expense account is set aside to this account by the board for future use.

7. Liquidity and Availability of Financial Assets

The Bureau has \$1,057,761 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$763,231 and grants receivable of \$294,530. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The receivables are subject to implied time restrictions but are expected to be collected within one year. The Bureau has a goal to maintain financial assets, which consist of cash and receivables, on hand to meet eight months of normal operating expenses. The Bureau has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.