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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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May 22, 2025

Board of Directors
LaGrange County Convention and Visitors Bureau, Ltd.
LaGrange County, Indiana

We have reviewed the audit report of LaGrange County Convention and Visitors Bureau, Ltd., which was opined upon by Baden, Gage & Schroeder, LLC, 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 LaGrange County Convention and Visitors Bureau, Ltd. 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, Baden, Gage & Schroeder, LLC prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

**LaGrange County Convention and
Visitors Bureau, Ltd.**

December 31, 2023 and 2022

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Financial Statements
December 31, 2023 and 2022

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Certified Public Accountants • Business Consultants

Independent Auditors' Report

The Board of Directors
LaGrange County Convention and Visitors Bureau, Ltd.
Shipshewana, Indiana

Opinion

We have audited the accompanying financial statements of LaGrange County Convention and Visitors Bureau, Ltd. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in net assets - modified cash basis and statements of functional expenses - modified cash basis for the years 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 assets, liabilities, and net assets of LaGrange County Convention and Visitors Bureau, Ltd. as of December 31, 2023 and 2022, and its revenue, expenses and changes in net assets in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LaGrange County Convention and Visitors Bureau, Ltd. 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 opinions.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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.

Auditors' 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 auditors' 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 LaGrange County Convention and Visitors Bureau, Ltd.'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 LaGrange County Convention and Visitors Bureau, Ltd.'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.



BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
May 15, 2024

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



**Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2023 and 2022**

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 636,157	\$ 728,859
Certificates of deposit	<u>425,000</u>	<u>-</u>
Total Current Assets	1,061,157	728,859
PROPERTY AND EQUIPMENT		
Leasehold improvements	42,796	42,796
Furniture and equipment	50,306	14,020
Vehicles	<u>42,590</u>	<u>23,420</u>
	135,692	80,236
Less: Accumulated depreciation	<u>61,632</u>	<u>78,314</u>
Net Property and Equipment	74,060	1,922
INTANGIBLE ASSETS		
Website	43,897	43,897
Less: Accumulated amortization	<u>27,819</u>	<u>13,920</u>
Net Intangible Assets	<u>16,078</u>	<u>29,977</u>
TOTAL ASSETS	<u><u>\$ 1,151,295</u></u>	<u><u>\$ 760,758</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Payroll liabilities	\$ 7,137	\$ 18,304
NET ASSETS		
Net assets without donor restrictions	<u>1,144,158</u>	<u>742,454</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,151,295</u></u>	<u><u>\$ 760,758</u></u>

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Statements of Revenues and Expenses and Changes in Net Assets - Modified Cash Basis Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues		
Innkeeper's Tax Commission grants	\$ 1,248,500	\$ 700,000
Vacation planner advertisements	143,560	125,350
Contributions and grants	38,750	-
Interest income	10,470	3,798
Other income	27,259	277
Gain on disposal of property and equipment	28,000	-
Net assets released from restrictions	<u>-</u>	<u>2,916</u>
Total Revenues	1,496,539	832,341
Expenses		
Program	773,952	509,642
General and administrative	<u>320,883</u>	<u>211,287</u>
Total Expenses	<u>1,094,835</u>	<u>720,929</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	401,704	111,412
NET ASSETS WITH DONOR RESTRICTIONS		
Net assets released due to satisfaction of purpose restriction	<u>-</u>	<u>(2,916)</u>
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>-</u>	<u>(2,916)</u>
TOTAL NET INCREASE IN NET ASSETS	401,704	108,496
NET ASSETS, BEGINNING OF YEAR	<u>742,454</u>	<u>633,958</u>
NET ASSETS, END OF YEAR	<u>\$ 1,144,158</u>	<u>\$ 742,454</u>

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



**Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2023**

	<u>Program</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Personnel Expenses:			
Salaries and wages	\$ 145,443	\$ 131,211	\$ 276,654
Payroll taxes	12,195	11,002	23,197
Employee benefits	<u>15,678</u>	<u>12,587</u>	<u>28,265</u>
Total Personnel Expenses	173,316	154,800	328,116
Advertising placement	187,245	-	187,245
Advertising and public relations	166,154	-	166,154
Depreciation and amortization	21,206	1,907	23,113
Destination development	22,101	2,456	24,557
Equipment rent, repair and maintenance	10,198	10,199	20,397
Event hosting and tours	86,477	-	86,477
Insurance	1,813	2,299	4,112
Miscellaneous	6,123	16,440	22,563
Office rental and utilities	12,004	29,770	41,774
Office supplies	1,118	4,474	5,592
Professional fees	-	36,758	36,758
Research	-	58,820	58,820
Vacation planner	83,237	-	83,237
Vehicle fuel and maintenance	<u>2,960</u>	<u>2,960</u>	<u>5,920</u>
Total Expenses	<u>\$ 773,952</u>	<u>\$ 320,883</u>	<u>\$ 1,094,835</u>

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



**Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2022**

	<u>Program</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Personnel Expenses:			
Salaries and wages	\$ 145,058	\$ 108,394	\$ 253,452
Payroll taxes	10,448	10,447	20,895
Employee benefits	<u>10,410</u>	<u>1,840</u>	<u>12,250</u>
Total Personnel Expenses	165,916	120,681	286,597
Advertising placement	109,411	-	109,411
Advertising and public relations	63,708	-	63,708
Depreciation and amortization	9,822	640	10,462
Destination development	4,540	505	5,045
Equipment rent, repair and maintenance	4,703	4,704	9,407
Insurance	2,137	2,526	4,663
Miscellaneous	1,706	6,830	8,536
Office rental and utilities	12,029	29,675	41,704
Office supplies	642	2,571	3,213
Professional fees	-	28,899	28,899
Project engagement	10,173	-	10,173
Research	-	12,697	12,697
Vacation planner	123,296	-	123,296
Vehicle fuel and maintenance	<u>1,559</u>	<u>1,559</u>	<u>3,118</u>
Total Expenses	<u>\$ 509,642</u>	<u>\$ 211,287</u>	<u>\$ 720,929</u>

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements December 31, 2023 and 2022

Note 1. Organization and Significant Accounting Policies

Organization:

The LaGrange County Convention and Visitors Bureau, Ltd. (the "Bureau" or "Organization") is a nonprofit organization formed for the creation of tourism in LaGrange County. The Bureau carries out this mission by fostering a climate which attracts conventions, trade shows, special events and visitors to the area and by promoting recreational facilities and special events in LaGrange County. The Bureau is governed by a volunteer Board of Directors.

The Bureau's major source of revenue is derived from grants from the LaGrange County Innkeeper's Tax Commission who receives its income from a tax assessed against temporary lodging located in LaGrange County, Indiana.

Basis of Accounting:

The financial statements of the Bureau have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Bureau's basis is a modified cash basis because payroll withholdings are recognized as a liability and property and equipment and website expenditures are capitalized. In addition, related depreciation and amortization of the capitalized assets is recorded in the year it is incurred and recognized as expense in the year to which it relates. The modified cash basis differs from generally accepted accounting principles primarily as follows:

- Revenues are recorded when collected rather than when earned, and expenses are recognized when paid rather than when incurred.
- Lease payments are expensed when paid and no right of use asset or lease liability is included on the statements of assets, liabilities and net assets.

Basis of Presentation:

The Bureau is required to report 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. Net assets without donor restrictions are those that are not subject to donor-imposed restrictions and may be used at the discretion of management to support the Bureau's purposes and operations. The Board of Directors has designated, from net assets without donor restrictions, net assets for destination development and other purposes. Net assets with donor restrictions are those whose use by the Bureau has been limited by donors to a specific time period or purpose. If a restriction is fulfilled in the same period in which the contribution is received, the Bureau reports that support as being without donor restrictions.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued) December 31, 2023 and 2022

Note 1. Organization and Significant Accounting Policies (Continued)

Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment:

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which vary from 5 to 10 years. Maintenance and repairs are charged to expense as paid and improvements and betterments are capitalized at cost. Depreciation expense for the years ended December 31, 2023 and 2022, totaled \$9,214 and \$2,779, respectively.

Intangible Assets:

The website and related assets are stated at cost. Amortization is computed using the straight-line method over the estimated useful lives of the assets, which vary from 3 to 15 years. Routine maintenance and upgrades to the website are expensed as paid and significant additions to the features of the site are capitalized at cost. Amortization expense for the years ended December 31, 2023 and 2022, totaled \$13,899 and \$7,683, respectively. Amortization expense for the years ending after December 31, 2023, is expected to be as follows:

2024	\$	8,471
2025		6,399
2026		183
2027		183
2028		183
Thereafter		<u>659</u>
	\$	<u><u>16,078</u></u>

Credit Risk and Concentration:

The Bureau maintains its cash and certificates of deposit in accounts with a local financial institution which, at times, may exceed federally insured limits.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued) **December 31, 2023 and 2022**

Note 1. Organization and Significant Accounting Policies (Continued)

Functional Allocation of Expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated based on estimates of actual time spent. The expenses associated with occupying or maintaining the facilities, such as office rental and utilities, depreciation of leasehold improvements are allocated based on the square footage of space occupied by each program and supporting service. Depreciation and amortization, equipment rent, repair and maintenance, insurance office supplies professional fees and vehicle fuel and maintenance are allocated based on staff payroll or estimated usage.

Advertising Costs:

Advertising placement and advertising and public relations costs are charged to operations when paid and are included in total expenses. The amounts charged in 2023 and 2022 were \$353,399 and \$173,119, respectively.

Income Taxes:

The Bureau is incorporated in the State of Indiana as a 501(c)(6) organization, and, therefore, is exempt from federal and state income taxes.

The accounting standard which provides guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Bureau may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Bureau and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2023 and 2022. The Bureau is generally no longer subject to examination by the Internal Revenue Service for years prior to 2020.

Subsequent Events:

Management of the Bureau has evaluated events and transactions for possible recognition or disclosure through May 15, 2024, the date the financial statements were available to be issued.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued) December 31, 2023 and 2022

Note 2. Net Assets

Net Assets Designated by the Board of Directors:

The Bureau's Board of Directors has designated certain amounts at December 31, 2023 and 2022, for the following purposes:

	<u>2023</u>	<u>2022</u>
Destination development - festival	\$ 92,500	\$ 100,000
Destination development - rest/food availability	40,000	40,000
Destination development - placemaking	94,978	95,005
Destination development - winter season	82,970	100,000
Destination development - trail related	49,951	49,951
State Road 5 construction communication	20,000	20,000
Contingency fund - conference/meetings/groups	16,250	20,000
Business disruption fund	<u>175,000</u>	<u>87,500</u>
	<u>\$ 571,649</u>	<u>\$ 512,456</u>

Net Assets with Donor Restrictions:

The Bureau received a \$50,000 grant from the LaGrange County Council for a Major Moves project promoting the development and growth of economic development, job growth, and public safety in LaGrange County. In 2022, the Bureau utilized the remaining \$2,916 of this grant. There were no donor restricted net assets at December 31, 2023 or 2022.

Note 3. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year within one year of the financial position date, comprise the following at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash	\$ 636,157	\$ 728,859
Certificates of deposit	<u>425,000</u>	<u>-</u>
Total financial assets	1,061,157	728,859
Less: Amounts unavailable for general expenditures within one year, due to the following:		
Designations by the Board of Directors	<u>(571,649)</u>	<u>(512,456)</u>
Total financial assets available for general expenditures within one year	<u>\$ 489,508</u>	<u>\$ 216,403</u>

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued) December 31, 2023 and 2022

Note 3. Liquidity and Availability of Resources (Continued)

The Executive Director is responsible for monitoring the cash flow monthly to ensure all payments including payroll can be met on a timely basis. Toward this effort, payments for large projects are requested to be paid on a monthly or quarterly basis whenever possible. Since the Innkeepers Tax is remitted to the County on a monthly basis and accumulated before being paid to the CVB quarterly, if a shortfall did arise, the Executive Director could request an early payment from the Tax Commission. If no advance was possible, the Executive Director would make adjustments to budgeted expenditures accordingly. Additionally, if deemed necessary, and upon approval by the Board of Directors, the designated net asset balances could be drawn upon.

Note 4. State and Local Revenue

State and local revenue received during the years ended December 31, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
State of Indiana:		
Indiana Destination Development Corporation Grants	\$ 28,750	\$ -
Indiana Destination Development Corporation Sponsorship	<u>10,000</u>	<u>-</u>
Total State Revenue	<u>\$ 38,750</u>	<u>\$ -</u>
LaGrange County:		
Convention, Recreation, and Visitors Commission passed through from the State of Indiana for hotel room taxes	<u>\$ 1,248,500</u>	<u>\$ 700,000</u>

All amounts are budgeted to be used for promoting tourism and operations of the Bureau in the year received.

Note 5. Operating Leases

The Bureau leases office space and a storage unit, both on a month to month basis. The office space is leased at a rate of \$2,070 per month and the Organization is responsible for all related utilities and assessments. Total lease expense for these facilities for the years ended December 31, 2023 and 2022, totaled \$26,071 and \$25,954, respectively. Additionally, the Organization has entered a lease for office equipment extending through October 2028 with minimum lease payments of \$598 per month.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued)
December 31, 2023 and 2022

Note 5. Operating Leases (Continued)

Minimum future rental payments under this non-cancelable operating lease having a remaining term in excess of one year, and in aggregate, is as follows:

2024	\$	7,181
2025		7,181
2026		7,181
2027		7,181
2028		<u>5,982</u>
	\$	<u><u>34,706</u></u>