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State Examiner

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January 14, 2025

Board of Directors
LaPorte County Convention & Visitors Bureau
LaPorte County, Indiana

We have received the audit report of LaPorte County Convention & Visitors Bureau, which was opined upon by Applegate & Company, PC, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements present fairly the financial condition of LaPorte County Convention & Visitors Bureau 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.

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

Tammy R. White, CPA
Deputy State Examiner



LAPORTE COUNTY CONVENTION &
VISITORS BUREAU
Michigan City, Indiana

ANNUAL REPORT
December 31, 2023

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REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the accompanying financial statements of the LaPorte County Convention & Visitors Bureau (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 collected, expenses paid, and changes in net assets - modified cash basis and functional expenses paid 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 LaPorte County Convention & Visitors Bureau as of December 31, 2023 and 2022, and the revenues collected, expenses paid, and changes in its net assets and its functional expenses paid for the years then ended 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LaPorte County Convention & Visitors Bureau 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.

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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

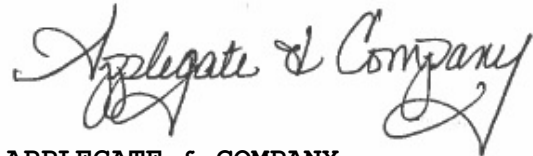
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 judgement 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 LaPorte County Convention & Visitors Bureau'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about LaPorte County Convention & Visitors Bureau'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.



APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
September 23, 2024

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

STATEMENTS OF REVENUES COLLECTED, EXPENSES PAID, AND CHANGES IN
NET ASSETS - MODIFIED CASH BASIS

For the years ended December 31, 2023 and 2022

	<u>2 0 2 3</u>	% To Total Revenues	<u>2 0 2 2</u>	% To Total Revenues
	<u>Amount</u>		<u>Amount</u>	
<u>REVENUES COLLECTED</u>				
Innkeepers tax	\$2,332,115	80.81%	\$2,318,125	79.63%
Gaming tax	353,358	12.24	344,384	11.83
Distribution services revenue			37,173	1.28
Special events revenue	106,432	3.69	161,099	5.53
Retail store revenue			13	
Interest revenue	44,015	1.53	245	.01
Miscellaneous revenue	50,000	1.73	50,000	1.72
Total revenues collected	<u>2,885,920</u>	<u>100.00</u>	<u>2,911,039</u>	<u>100.00</u>
<u>EXPENSES PAID (NOTE 3)</u>				
Program services	1,887,553	65.41	1,820,355	62.53
General and administrative	698,398	24.20	643,540	22.11
Total expenses paid	<u>2,585,951</u>	<u>89.61</u>	<u>2,463,895</u>	<u>84.64</u>
<u>OTHER EXPENSE</u>				
Interest expense	(1,310)	(.05)	(1,167)	(.04)
Net other expense	<u>(1,310)</u>	<u>(.05)</u>	<u>(1,167)</u>	<u>(.04)</u>
<u>EXCESS OF REVENUES COLLECTED OVER EXPENSES PAID</u>				
	298,659	<u>10.34%</u>	445,977	<u>15.32%</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR (NOTE 1)</u>				
	<u>2,705,524</u>		<u>2,259,547</u>	
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR (NOTE 1)</u>				
	<u>\$3,004,183</u>		<u>\$2,705,524</u>	

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

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2023 and 2022

	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents		\$2,863,227	\$2,622,315
Employee receivable		2,990	3,250
Prepaid expenses		750	74,540
Total current assets		<u>2,866,967</u>	<u>2,700,105</u>
<u>PROPERTY AND EQUIPMENT (Note 1)</u>			
Leasehold improvements		120,902	57,873
Office furnishings and equipment		84,590	84,590
Vehicles		224,382	144,366
Total cost		429,874	286,829
Less: accumulated depreciation		(282,257)	(257,966)
Net property and equipment		<u>147,617</u>	<u>28,863</u>
<u>OTHER ASSETS</u>			
Security deposit		8,000	8,000
Total other assets		<u>8,000</u>	<u>8,000</u>
Total assets		<u>\$3,022,584</u>	<u>\$2,736,968</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES</u>			
Current portion of note payable (Note 10)		\$ 10,718	\$ 9,859
Payroll liabilities		3,370	3,107
403(B) Retirement payable			3,536
Total current liabilities		<u>14,088</u>	<u>16,502</u>
<u>LONG-TERM LIABILITIES</u>			
Note payable (Note 10)		4,313	14,942
Total long-term liabilities		<u>4,313</u>	<u>14,942</u>
<u>NET ASSETS (NOTE 1)</u>			
Net assets - without donor restrictions		<u>3,004,183</u>	<u>2,705,524</u>
Total liabilities and net assets		<u>\$3,022,584</u>	<u>\$2,736,968</u>

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

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

STATEMENTS OF FUNCTIONAL EXPENSES PAID
For the years ended December 31, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Program</u> <u>Services</u>	<u>Supporting Services</u> <u>General and</u> <u>Administrative</u>	<u>Total</u>	<u>Program</u> <u>Services</u>	<u>Supporting Services</u> <u>General and</u> <u>Administrative</u>	<u>Total</u>
Salaries and wages	\$ 409,446	\$210,927	\$ 620,373	\$ 399,648	\$205,880	\$ 605,528
Payroll taxes	31,055	15,998	47,053	30,963	15,951	46,914
Group insurance	157,866	81,325	239,191	152,666	78,646	231,312
Employer retirement expense	41,387	6,737	48,124	39,552	6,439	45,991
Printing expense	6,072		6,072	4,633		4,633
Research and development	3,100		3,100	8,850		8,850
Advertising expense	59,447		59,447	58,188		58,188
NITDC expense	162,000		162,000	120,000		120,000
Sponsorship expense	209,006		209,006	156,677		156,677
Distribution expense	4,493		4,493	11,701		11,701
Technology expense	41,113		41,113	33,609		33,609
Advocacy expense	5,000		5,000	9,539		9,539
Special event activities expense	757,568		757,568	790,507		790,507
Training				3,822	956	4,778
Rent expense		66,630	66,630		57,411	57,411
Dues and subscriptions		37,621	37,621		28,943	28,943
Depreciation		24,291	24,291		19,487	19,487
Seminar expense		5,204	5,204		1,339	1,339
Office supplies		15,998	15,998		4,876	4,876
Lease expense		8,124	8,124		5,596	5,596
Utilities		16,279	16,279		16,947	16,947
Telephone		10,930	10,930		10,430	10,430
Small tools and supplies		2,323	2,323		3,530	3,530
Postage		10,009	10,009		4,497	4,497
Maintenance and repairs		18,430	18,430		14,090	14,090
Insurance		15,435	15,435		14,675	14,675
Professional services		78,895	78,895		78,568	78,568
Travel		70,310	70,310		74,269	74,269
Charges and fees		2,932	2,932		1,010	1,010
Total	<u>\$1,887,553</u>	<u>\$698,398</u>	<u>\$2,585,951</u>	<u>\$1,820,355</u>	<u>\$643,540</u>	<u>\$2,463,985</u>

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

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023 and 2022

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 revenues 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.

FINANCIAL STATEMENT PRESENTATION - The Bureau uses Accounting Standards Codification, "Financial Statements of Not-for-Profit Organizations" which requires the Bureau to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Bureau. These

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

net assets may be used at the discretion of the Bureau's management and the board of managers.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Bureau or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.
- Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions in the statements of revenues collected, expenses paid, and changes in net assets - modified cash basis.

PROPERTY AND EQUIPMENT - Leasehold improvements, office furnishings and 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:

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

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When property or equipment is 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 \$24,291 and \$19,487 for the years ended December 31, 2023 and 2022, respectively.

IN-KIND DONATIONS - The Bureau receives a significant amount of support in the form of goods and services from donors in connection with its fundraising activities. The modified cash basis of accounting does not require that these in-kind contributions be recognized. Accordingly, these financial statements do not reflect these contributions. If these contributions were recorded, revenues would increase by the fair market value of the contributions.

USE OF ESTIMATES - The preparation of financial statements in conformity with the modified cash basis of accounting 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 useful lives of depreciable fixed assets. Actual results could differ from those estimates.

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023 and 2022

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following represents the Bureau's financial assets at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$2,863,227	\$2,622,315
Employee receivable	<u>2,990</u>	<u>3,250</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$2,866,217</u>	<u>\$2,625,565</u>

NOTE 3 - FUNCTIONAL EXPENSES PAID

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses paid. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

NOTE 4 - 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, 2023 and 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of assets, liabilities and net assets - modified cash basis. The estimated amounts have been determined by the Bureau using available market information

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023 and 2022

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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 5 - 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 revenues.

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 the modified cash basis of accounting. As of December 31, 2023, the Bureau does not believe that it has taken any tax positions that would require the recording of any tax liability nor

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 and 2022

NOTE 5 - INCOME TAXES (Continued)

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 2020-2023.

NOTE 6 - CAPITAL LEASE

The Bureau leases three copiers 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. As of December 31, 2023 and 2022, the cost of the leased copiers was \$24,102. Accumulated depreciation of the leased copiers as of December 31, 2023 and 2022 was \$24,102 and \$24,102, respectively.

The long-term capital lease obligation was fully satisfied at December 31, 2022.

On May 13, 2022, the Bureau signed a new five-year lease agreement for two copiers with Great American Leasing Corporation. The lease began May 2022 with monthly base payments of \$532.

The following is a schedule of future minimum rentals under the lease at December 31, 2023:

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023 and 2022

NOTE 6 - CAPITAL LEASE (Continued)

2024	\$ 6,384
2025	6,384
2026	6,384
2027	<u>2,128</u>
Total	<u>\$21,280</u>

The rent expense for the years ended December 31, 2023 and 2022 was \$6,852 and \$4,408, respectively.

NOTE 7 - DEFINED CONTRIBUTION PLAN

The Bureau contributed to a defined contribution plan administered by Putnam Fiduciary Trust for the years ended December 31, 2023 and 2022. For each qualifying employee who elects to contribute a minimum \$10 per pay period of their salary, the Bureau will, in turn, contribute an amount equal to 5% of the employee's salary. The Bureau's defined contribution plan expense for the years ended December 31, 2023 and 2022 was \$48,124 and \$45,991, respectively.

The Bureau also has the option to contribute an additional 3%, at year end, of the employee's wages to the defined contribution plan.

NOTE 8 - COMMITMENTS

In November 2022, the Bureau signed an amendment to extend the lease agreement with Marquette Mall Properties, LTD for five additional years. The lease began January 1, 2023 with monthly payments of \$6,529

The following is a schedule of future minimum rentals under the lease at December 31, 2023:

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023 and 2022

NOTE 8 - COMMITMENTS (Continued)

2024	\$ 80,540
2025	82,626
2026	84,952
2027	87,159
Total	<u>\$335,277</u>

The rent expense for the years ended December 31, 2023 and 2022 was \$66,630 and \$57,411, respectively.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Bureau maintains its cash balances in a local financial institution. At December 31, 2023, the Bureau's cash balances totaled \$2,780,590. 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 10 - NOTES PAYABLE

A schedule of the Bureau's note payable at December 31, 2023 and 2022 and the current maturities thereof follows:

<u>Payee/ (Security)</u>	<u>Interest Rate</u>	<u>Terms</u>	<u>2023</u>	<u>2022</u>
Horizon Bank/ (vehicle)	5.85%	\$920 per month including interest due 05/25	\$15,031	\$24,801
			<u>15,031</u>	<u>24,801</u>
Less Current Maturities			<u>(10,718)</u>	<u>(9,859)</u>
Net Long-Term Notes Payable			<u>\$ 4,313</u>	<u>\$14,942</u>

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2023 and 2022

NOTE 10 - NOTES PAYABLE (Continued)

Long-term notes payable mature as follows:

2024	\$10,718
2025	<u>4,313</u>
Total	<u>\$15,031</u>

NOTE 11 - SUBSEQUENT EVENTS

The Bureau has evaluated subsequent events through _____,
which is the date the financial statements were available for issuance.

There are no material subsequent events that required recognition
or additional disclosure in these financial statements.