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May 8, 2008

Board of Directors
Wayne County Convention and
Tourism Bureau, Inc.
5701 National Road East
Richmond, IN 47374

We have reviewed the audit report prepared by Fennimore & Associates, PC, Independent Public Accountants, for the period January 1, 2004 to December 31, 2004. 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 the Wayne County Convention and Tourism Bureau, Inc., as of December 31, 2004, 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.

STATE BOARD OF ACCOUNTS

FENNI/MORE & ASSOCIATES PC
CERTIFIED PUBLIC ACCOUNTANTS

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STATE BOARD OF ACCOUNTS

WAYNE COUNTY CONVENTION AND
TOURISM BUREAU, INC.

FINANCIAL STATEMENTS

December 31, 2004

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

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Independent Auditor's Report

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

We have audited the accompanying statement of financial position of The Wayne County Convention and Tourism Bureau, Inc. as of December 31, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of The Wayne County Convention and Tourism Bureau, Inc.'s management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wayne County Convention and Tourism Bureau, Inc. of December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Fennimore & Associates PC

Richmond, Indiana
February 15, 2005

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Financial Position
December 31, 2004

ASSETS

CURRENT ASSETS:

| | |
|----------------------------------|----------------|
| Cash | \$ 115,486 |
| State Tourism Receivable | 2,330 |
| County Appropriations Receivable | 38,837 |
| Inventory | 8,184 |
| Security Deposit | 4,929 |
| Total current assets | <u>169,766</u> |

PROPERTY AND EQUIPMENT

| | |
|-------------------------------|----------------|
| Leasehold improvements | 131,167 |
| Furniture & Fixtures | 115,428 |
| Interstate signage | 18,448 |
| | <u>265,043</u> |
| Less accumulated depreciation | 238,115 |
| Net property and equipment | <u>26,928</u> |

| | |
|---------------------|--------------------------|
| TOTAL ASSETS | <u><u>\$ 196,694</u></u> |
|---------------------|--------------------------|

LIABILITIES & NET ASSETS

CURRENT LIABILITIES

| | |
|-----------------------------------|--------------|
| Accounts payable | \$ 4,940 |
| Current Portion of Long Term Debt | 2,029 |
| Total Current Liabilities | <u>6,969</u> |

| | |
|--------------------------------|-------|
| Long Term Debt - Lease Payable | 7,778 |
|--------------------------------|-------|

| | |
|-------------------------|----------------|
| Unrestricted net assets | <u>181,948</u> |
|-------------------------|----------------|

| | |
|---|--------------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 196,694</u></u> |
|---|--------------------------|

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

Statement of Activities

For the Year Ended December 31, 2004

REVENUE:

| | |
|---|----------------|
| Lodging tax appropriations | \$ 466,039 |
| State tourism income | 27,961 |
| Gift Shop Sales (Net of cost of goods sold) | 3,436 |
| Interest income | 1,560 |
| Total unrestricted revenue | <u>498,996</u> |

ADMINISTRATIVE EXPENSES:

| | |
|--------------------------------|----------------|
| Salaries | 61,025 |
| Rent | 59,150 |
| Outside services | 25,721 |
| Ancillary services | 12,471 |
| Travel and mileage | 8,638 |
| Payroll taxes | 7,621 |
| Office supplies | 7,043 |
| Utilities | 6,858 |
| Legal and accounting fees | 6,784 |
| Insurance - personnel | 5,206 |
| Telephone | 4,955 |
| Insurance - business | 4,273 |
| Retirement | 4,000 |
| Office equipment and furniture | 1,141 |
| Depreciation | 19,212 |
| | <u>234,099</u> |

PROMOTION EXPENSES:

| | |
|--------------------------|----------------|
| Salaries | 121,370 |
| Convention marketing | 55,376 |
| Tourism marketing | 27,876 |
| Welcome center wages | 18,291 |
| Postage and freight | 13,328 |
| Payroll taxes | 12,705 |
| Insurance - personnel | 11,359 |
| Telephone | 8,402 |
| Volunteer expenses | 4,574 |
| Retirement | 4,500 |
| Public relations | 4,355 |
| Dues and memberships | 3,889 |
| Out of town expenses | 3,733 |
| Miscellaneous | 2,369 |
| Motorcoach marketing | 1,754 |
| Training and education | 1,610 |
| Printing and duplication | 1,089 |
| Source publications | 704 |
| | <u>297,285</u> |

| | |
|----------------|----------------|
| Total expenses | <u>531,384</u> |
|----------------|----------------|

| | |
|----------------------|----------|
| Change in net assets | (32,388) |
|----------------------|----------|

| | |
|-----------------------------------|-------------------|
| Beginning unrestricted net assets | <u>\$ 214,336</u> |
|-----------------------------------|-------------------|

| | |
|--------------------------------|--------------------------|
| Ending unrestricted net assets | <u><u>\$ 181,948</u></u> |
|--------------------------------|--------------------------|

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Cash Flows
For the Year Ended December 31, 2004

| | |
|--|--------------------------|
| OPERATING ACTIVITIES: | |
| Change in net assets | \$ (32,388) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | <u>19,212</u> |
| | (13,176) |
| | |
| Changes in operating assets and liabilities: | |
| Increase in accounts receivable | (1,975) |
| Decrease in grants receivable | 202 |
| Decrease in prepaid expenses | 4,929 |
| Increase in inventory | (1,084) |
| Increase in deposits | (4,929) |
| Increase in accounts payable | <u>863</u> |
| Net Cash Used in Operating Activities | (15,171) |
| | |
| INVESTING ACTIVITIES: - Purchase of equipment | (13,233) |
| | |
| FINANCING ACTIVITIES: | |
| Capital lease | 10,145 |
| Payments on lease | <u>(338)</u> |
| Net Cash Provided by Financing Activities | 9,807 |
| | |
| NET DECREASE IN CASH | (18,597) |
| | |
| CASH--beginning of year | <u>134,083</u> |
| CASH--end of year | <u><u>\$ 115,486</u></u> |

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

Notes to Financial Statements
Year Ended December 31, 2004

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Wayne County Convention and Tourism Bureau, Inc. (The 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. They incorporated under the laws of the State of Indiana in 1990. The Bureau is funded by an annual allocation of the "innkeeper taxes" by the Wayne County Council. The "innkeeper taxes" are collected by 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.

Net Asset Classifications – The financial statements have been prepared in conformity with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted. All net assets of The Bureau, including any board-designated or appropriated amounts, are unrestricted.

Cash – Cash consists of bank deposits in federally insured accounts and petty cash. At December 31, 2004 The Bureau exceeded the FDIC insured limits by \$14,284.

Property and Equipment – Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line and accelerated methods over the useful lives of the assets. Routine repairs and maintenance are expensed when incurred.

Financial 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 income and expenses during the reporting period. Actual results could differ from those estimated.

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 Organization is exempt from federal and state income taxes under Section 501(c)(6) of the U.S. Internal Revenue Code and under similar state provisions.

Deposit – The Bureau paid a refundable deposit when they entered into their building lease in 1995. The deposit will be returned if they do not continue with the current lease which expires at October 1, 2005.

Donated Services – A substantial number of volunteers donate significant amounts of time to the activities of the Bureau. No amounts have been included in the financial statements for the value of this donated time since the value is not determinable.

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

Notes to Financial Statements

Year Ended December 31, 2004

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(Continued)**

Promotional Expenses – Marketing and promotional costs are expensed as incurred. Promotional expenses were \$297,285 for the year ended December 31, 2004. Further, the costs associated with the biennial production and publication of The Bureau's Visitor Guide to Richmond, Wayne County, Indiana are expensed, net of nominal third-party advertising revenue, as incurred.

Inventories - Inventory consists of Welcome Center retail items, brochures and excess office supplies stated at cost.

NOTE B – PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows:

| | Balance 12/31/04 |
|-------------------------------|---------------------|
| Leasehold improvements | \$ 131,167.01 |
| Interstate Signage | 18,448.00 |
| Furniture & fixtures | 87,788.19 |
| Total Cost | <u>237,403.20</u> |
| Less Accumulated Depreciation | <u>223,707.93</u> |
| | <u>\$ 13,695.27</u> |

NOTE C – LEASE COMMITMENTS

In 2005 the Bureau entered into a capital lease with Ikon Financial Services for a copier. The lease agreement is a five year lease with no stated interest. The copier was recorded at \$10,145 and depreciation for the capital asset was \$2,029 for 2004. Future minimum payments required under the lease are as follows:

| | |
|-----------|------------------|
| 2005-2008 | \$2,029 per year |
| 2009 | \$1,353 |

The Bureau leases a building under an operating lease for \$4,929 per month under a ten year lease agreement which expires September 1, 2005. The lease includes a provision obligating The Bureau for property taxes on the leased property. For the year ended December 31, 2004 this cost is reported as an ancillary service of \$12,471. The lease cost is adjustable every three years based on the annual percentage interest rate of the lessor's mortgage. The lease terms provide options to renew the lease for four additional terms of five years each. Lease expense for the year ended December 31, 2004 was \$59,150. The Bureau also leases a vehicle for \$400 per month under a lease agreement that expires May 2005.

Future minimum payments required under the operating leases are \$41,032 for 2005.

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

Notes to Financial Statements

Year Ended December 31, 2004

Note D – RICHMOND WELCOME CENTER CONTRACT

The Bureau entered into a contract with the Indiana Department of Commerce to provide services at the Welcome Center from July 1, 2003 until June 30, 2005. The contract required the Bureau to provide the day to day operation of the center, hire and employ all staff, and have the Welcome Center operational seven days a week for a minimum of 45 hours and a maximum of 55 hours per week. Welcome Center payments under the contract are \$2,330 per month of which a minimum of \$600 is required to be spent on Internet access.

NOTE E – RETIREMENT PLAN

The Bureau maintains an informal retirement plan which covers all employees completing one year of service. Under the plan, contributions are treated as extra 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. The retirement contribution for the year ended December 31, 2004 was \$8,500.