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B34520

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

June 17, 2009

Board of Directors
Howard County Convention
and Visitors Commission, Inc.
1504 N. Reed Rd. US 31
Kokomo, IN 46901

We have reviewed the audit report prepared by BCR CPA Group, Independent Public Accountants, for the period January 1, 2006 to December 31, 2007. 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 Howard County Convention and Visitors Commission, Inc., as of December 31, 2007 and 2006, and the results of its operations for the periods 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

HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006

HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kokomo Howard County
Convention and Visitors Commission, Inc.

We have audited the accompanying Statement of Financial Position of Kokomo Howard County Convention and Visitors Commission, Inc. (a not-for-profit organization) as of December 31, 2007 and 2006, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, issued by the Indiana State Board of Accounts. 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 audits provide 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 Kokomo Howard County Convention and Visitors Commission, Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BCR CPA Group

BCR CPA Group

Kokomo, IN
August 19, 2008

HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 and 2006

Assets	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash and Cash Equivalents	\$ 156,028.42	\$ 187,167.53
Innkeepers Tax Receivable	33,237.76	33,438.34
Prepaid Expense	<u>3,861.00</u>	<u>2,952.00</u>
Total Current Assets	193,127.18	223,557.87
Fixed Assets:		
Office Furniture & Equipment	91,965.09	73,230.09
Leasehold Improvements	78,230.00	78,230.00
Less: Accumulated Depreciation	<u>(85,465.82)</u>	<u>(78,902.50)</u>
Total Fixed Assets	84,729.27	72,557.59
Total Assets	<u>\$ 277,856.45</u>	<u>\$ 296,115.46</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts Payable	\$ 2,137.81	\$ 2,777.02
Rent Payable	10,470.76	13,375.34
Payroll Taxes Withheld	4,290.20	4,218.34
Sales Tax Payable	<u>(0.00)</u>	<u>5.50</u>
Total Liabilities	<u>16,898.77</u>	<u>20,376.20</u>
Net Assets:		
Unrestricted	260,957.68	275,739.26
Temporarily Restricted	0.00	0.00
Permanently restricted	<u>0.00</u>	<u>0.00</u>
Total Net Assets	<u>260,957.68</u>	<u>275,739.26</u>
Total Liabilities and Net Assets	<u>\$ 277,856.45</u>	<u>\$ 296,115.46</u>

See accompanying notes

HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Changes in Unrestricted Net Assets:		
Revenues and Gains:		
Inn Keepers Tax Revenue	\$ 481,351.56	\$ 480,991.78
Interest Income	5,426.07	6,373.85
Other Income	<u>5,859.00</u>	<u>92.54</u>
Total Unrestricted Revenue and Gains	<u>492,636.63</u>	<u>487,458.17</u>
Expenses:		
Program Expenses:		
Advertising & Promotion	51,370.09	54,799.27
Grants	0.00	0.00
Total Program Expenses	<u>51,370.09</u>	<u>54,799.27</u>
Management and General Expenses:		
Payroll & Related Expenses	214,353.40	199,776.28
Occupancy Expenses	198,699.52	200,432.36
Other General & Administrative Expenses	<u>42,995.20</u>	<u>28,476.35</u>
Total Management and General Expense	<u>456,048.12</u>	<u>428,684.99</u>
Total Expenses	<u>507,418.21</u>	<u>483,484.26</u>
Increase (Decrease) in Unrestricted Assets	(14,781.58)	3,973.91
Changes in Temporarily Restricted Net Assets:		
(No Change)	0.00	0.00
Changes in Permanently Restricted Net Assets:		
(No Change)	<u>0.00</u>	<u>0.00</u>
Increase in Net Assets	(14,781.58)	3,973.91
Net Assets at Beginning of Year	<u>275,739.26</u>	<u>271,765.35</u>
Net Assets at End of Year	<u>\$ 260,957.68</u>	<u>\$ 275,739.26</u>

See accompanying notes

HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (14,781.58) \$	3,973.91
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Depreciation	6,563.32	4,362.96
Decrease (Increase) in Receivables	200.58	2,262.84
Decrease (Increase) in Prepaid Expense	(909.00)	(2,952.00)
Increase (Decrease) in Accounts Payable	(639.21)	(14,712.70)
Increase (Decrease) in Rent Payable	(2,904.58)	(905.13)
Increase (Decrease) in Payroll Tax Payable	71.86	202.00
Increase (Decrease) in Sales Tax Payable	<u>(5.50)</u>	<u>0.08</u>
Net Cash provided by Operating Activities	(12,404.11)	(7,768.04)
Cash Flows from Investing Activities:		
Purchase of Equipment & Leasehold Improvements	<u>(18,735.00)</u>	<u>0.00</u>
Net Increase in Cash and Cash Equivalents	(31,139.11)	(7,768.04)
Cash & Cash Equivalents - Beginning of Year	<u>187,167.53</u>	<u>194,935.57</u>
Cash & Cash Equivalents - End of Year	\$ <u>156,028.42</u>	\$ <u>187,167.53</u>

Supplemental disclosures:

The organization had no interest expense or income taxes expenses for the years ended December 31, 2007 and 2006.

See accompanying notes

**HOWARD COUNTY CONVENTION AND VISITORS COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

**NOTE A – NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Activities

The Howard County Convention and Visitors Commission, Inc. (CVC) was established to promote the development and growth of the convention and visitors industry in Howard County. The major portion of its revenues is from the Howard County's innkeeper's tax.

Contributed Services

During the year ended December 31, 2007 and 2006, the value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the CVC. The CVC received 406 and 340 volunteer hours in 2007 and 2006, respectfully.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The CVC is a not-for-profit organization that is partially exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code since it's incorporation on October 1, 1996. This classification is for business leagues and chambers of commerce.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the CVC considers all highly liquid investments available for current use with an initial maturity of three months or less, to be cash equivalents.

HOWARD COUNTY CONVENTION AND VISITORS COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE A – NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES –Continued

Property and Equipment

Property and Equipment are valued at cost, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. CVC has a capitalization policy of \$250 or more.

NOTE B – LEASES

The CVC does not lease any of its facilities or equipment. In October of 1997, CVC entered into a contract to finance a promotion fund to establish and maintain an account into which 2/5 of all innkeeper's tax receipts will be deposited for a period not to exceed 15 years or \$2,412,178. The fund will support a civic center and automotive museum, for the purposes of promotion and encouragement in Howard County of conventions, trade shows, visitors or special events.

As long as the contract is in force, the CVC will be housed within the civic center at no additional cost, other than the leasehold improvements needed for the CVC space. The CVC may reserve and use the civic center meeting rooms at not charge.

NOTE C – BUDGETS

The operating budget is initially prepared and approved at the local level. Budget modifications have been made in accordance with the laws of the State of Indiana.

Budgets for the budgetary funds of the CVC are prepared in detail by object classification.

Formal budgetary integration is required by state statute and is employed as a management control device. An annual budget was legally adopted for the following fund:

General Fund: Operating

**HOWARD COUNTY CONVENTION AND VISITORS COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE D – COMPENSATED ABSENCES

The CVC has a vacation and sick pay policy, amounts for compensated absences have been accrued in accordance with SFAS No. 42.