



STATE OF INDIANA
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June 17, 2009

Board of Directors
LaGrange County Convention
and Visitors Bureau, Inc.
440 ½ S. Vanburen St., SR5
Shipshewana, IN 46565

We have reviewed the audit report prepared by Baden, Gage & Schroeder, LLC, Independent Public Accountants, for the period January 1, 2007 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 LaGrange County Convention and Visitors Bureau, Inc., as of December 31, 2007, 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

Financial Statements

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

December 31, 2007 and 2006

**LAGRANGE COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

Financial Statements
December 31, 2007 and 2006

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Certified Public Accountants • Business Consultants

Independent Auditors' Report

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

We have audited the accompanying statements of assets, liabilities and net assets - modified cash basis of the LaGrange County Convention and Visitors Bureau, Inc. (the Bureau) as of December 31, 2007 and 2006, and the related statements of revenues and expenses and changes in net assets - modified cash basis for the years then ended. These financial statements are the responsibility of the Bureau'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

As described in Note 1, these financial statements have been prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets - modified cash basis of the LaGrange County Convention and Visitors Bureau, Inc. at December 31, 2007 and 2006, and its revenues and expenses and changes in net assets - modified cash basis for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2008 on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

A handwritten signature in cursive script that reads "Baden, Gage & Schroeder, LLC".

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
April 23, 2008

**LAGRANGE COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

Statements of Assets, Liabilities and
Net Assets - Modified Cash Basis
December 31, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 95,524	\$ 145,184
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	40,680	48,336
Transportation equipment	18,085	18,085
	58,765	66,421
Less: Accumulated depreciation	24,532	26,307
Net Property and Equipment	34,233	40,114
TOTAL ASSETS	\$ 129,757	\$ 185,298
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Payroll taxes	\$ 2,839	\$ 2,296
NET ASSETS		
Unrestricted	126,918	183,002
TOTAL LIABILITIES AND NET ASSETS	\$ 129,757	\$ 185,298

See Notes to Financial Statements.

**LAGRANGE COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

Statements of Revenues and Expenses and
Changes in Net Assets - Modified Cash Basis
Years Ended December 31, 2007 and 2006

	2007	2006
REVENUES		
Innkeeper's Tax Commission grants	\$ 382,850	\$ 359,600
Vacation Planner advertisements	96,142	107,655
Interest income	2,536	2,314
Miscellaneous income	113	600
Total Revenues	481,641	470,169
 EXPENSES		
Personnel Expenses:		
Employee medical benefits	17,701	18,905
Retirement benefits	2,633	2,719
Salaries and wages	131,389	117,604
Taxes - payroll	10,932	9,868
	162,655	149,096
Promotion and Marketing Expenses:		
Advertising and promotion	128,090	121,867
Vacation Planner	106,290	89,420
Community events promotion	-	176
Fuel	1,506	1,285
Grants to nonprofit organizations	32,000	26,415
Internet	819	874
Postage	20,844	21,662
Telephone	5,042	4,823
Travel and seminar	18,264	13,968
Vehicle maintenance	656	111
	313,511	280,601
General and Administrative Expenses:		
Depreciation	10,562	7,446
Dues and memberships	5,457	5,194
Equipment rent, repairs and maintenance	5,208	4,202
Insurance	3,110	2,851
Interest	-	12
Legal and professional	9,065	14,218
Miscellaneous	4,851	2,665
Office supplies	4,252	5,391
Space rental and utilities	19,054	11,541
	61,559	53,520
Total Expenses	537,725	483,217
 CHANGE IN NET ASSETS	 (56,084)	 (13,048)
 NET ASSETS, BEGINNING OF YEAR	 <u>183,002</u>	 <u>196,050</u>
 NET ASSETS, END OF YEAR	 <u>\$ 126,918</u>	 <u>\$ 183,002</u>

See Notes to Financial Statements.

**LAGRANGE COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

Notes to Financial Statements
December 31, 2007 and 2006

Note 1. Organization and Significant Accounting Policies

Organization:

The LaGrange County Convention and Visitors Bureau, Inc. (the Bureau) is a not-for-profit 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. Accordingly, revenues are recognized when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. The Bureau's basis is a modified cash basis because payroll withholdings are recognized as a liability and property and equipment expenditures are capitalized and related depreciation is recorded in the year it is incurred and recognized as expense in the year to which it relates.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. For the financial statements presented, there were no assets or revenues received with donor restrictions; therefore, all net assets are classified as unrestricted.

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.

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 taxes.

**LAGRANGE COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

Notes to Financial Statements (Continued)
December 31, 2007 and 2006

Note 1. Organization and Significant Accounting Policies (Continued)

Credit Risk and Concentration:

The Bureau maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

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 7 years. Maintenance and repairs are charged to expense as incurred and improvements and betterments are capitalized at cost. Depreciation expense for the years ended December 31, 2007 and 2006 totaled \$10,562 and \$7,446, respectively.

Advertising Costs:

Advertising costs are charged to operations when incurred and are included in total expenses. The amounts charged in 2007 and 2006 were \$128,090 and \$121,867, respectively.

Note 2. Operating Leases

The Bureau leases its operating facility on an annual basis requiring monthly rental payments in addition to all utilities. In August 2007, the Bureau relocated and signed a new lease agreement requiring monthly payments of \$2,000 plus all utilities. Prior to moving to the new location, monthly rent expense was \$675 plus all utilities. Lease expense, including utilities, for the years ended December 31, 2007 and 2006 totaled \$19,054 and \$11,541, respectively.

The Bureau leases a postage machine on a quarter to quarter basis. The agreement requires quarterly payments of \$173. Equipment rent expense for this machine for the years ended December 31, 2007 and 2006 totaled \$519 for both years.

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

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

We have audited the financial statements of LaGrange County Convention and Visitors Bureau, Inc. (the Bureau) as of and for the year ended December 31, 2007, and have issued our report thereon dated April 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

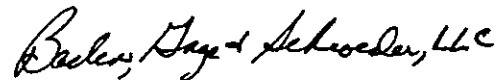
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.



BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
April 23, 2008