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June 30, 2009

Board of Directors
Spencer County
Tourism Commission, Inc.
39 N. Kringle Place
Santa Claus, IN 47579

We have reviewed the audit report prepared by Krueger & Associates, CPA's, 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 Spencer County Tourism Commission, 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

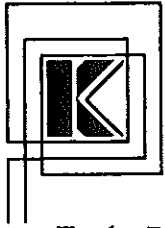
**SPENCER COUNTY TOURISM
COMMISSION, INC.
Santa Claus, Indiana**

**FINANCIAL STATEMENTS
For the Years Ended December 31, 2007 and 2006**

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

TABLE OF CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1
EXHIBIT A STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS December 31, 2007 and 2006	2
EXHIBIT B STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS December 31, 2007 and 2006	3
NOTES TO FINANCIAL STATEMENTS	4-5
SCHEDULES OF PROGRAM ACTIVITY	6



Krueger & Associates, CPA's, LLC

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To the Board of Directors
Spencer County Tourism Commission, Inc

We have audited the accompanying statements of assets, liabilities, and net assets—modified cash basis of Spencer County Tourism Commission, Inc. (a nonprofit organization as of December 31, 2007 and 2006, and the related statements of support, revenue, and expenses—modified cash basis 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. Those standards require that we plan and perform the audits 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 were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basis financial statements of Spencer County Tourism Commission, Inc. taken as a whole. The accompanying schedule of program activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Spencer County Tourism Commission, Inc. as of December 31, 2007 and 2006, and its support, revenue, and expenses for the years then ended, on the basis of accounting described in note 1.

Krueger & Associates, CPA's, LLC
Krueger & Associates, CPA's, LLC

Jasper, Indiana
August 22, 2008

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

EXHIBIT A

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

	December 31, <u>2007</u>	December 31 <u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash - checking	\$ 98,661	\$ 87,331
Security Deposit	200	0
Total current assets	<u>98,861</u>	<u>87,331</u>
PROPERTY AND EQUIPMENT		
Equipment	21,648	17,949
Less accumulated depreciation	<u>(15,815)</u>	<u>(13,837)</u>
Total property and equipment	<u>5,833</u>	<u>4,112</u>
OTHER ASSETS		
Prepaid rent	<u>18,576</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 123,270</u>	<u>\$ 91,443</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued payroll taxes	<u>\$ 2,247</u>	<u>\$ 2,399</u>
TOTAL LIABILITIES	<u>2,247</u>	<u>2,399</u>
NET ASSETS		
Unrestricted		
Undesignated	121,023	89,044
Total net assets	<u>121,023</u>	<u>89,044</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 123,270</u>	<u>\$ 91,443</u>

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

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

EXHIBIT B

STATEMENTS OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 For the Years Ended December 31,

	2007	2006
SUPPORT AND REVENUE		
Project contributions	\$ 39,251	\$ 32,948
Inn keeper tax	257,734	168,753
Miscellaneous	1,650	5
Interest	395	297
Total Support and Revenue	299,030	202,003
 EXPENSES		
Wages	100,860	93,638
Depreciation	1,978	2,045
Advertising	55,969	33,758
Postage/shipping	5,954	4,958
Promotional materials	35,623	3,124
Office supplies	4,387	8,153
Promotional events & projects	6,325	4,143
Internet/web service	2,675	3,170
Phone	3,847	3,117
Meals/travel expense	2,635	2,561
Fees, dues & subscriptions	6,015	5,039
Contract labor	18,154	9,517
Professional fees	990	955
FICA tax expense	7,987	7,163
Employment taxes	896	1,304
Insurance	6,300	4,318
Pension plan	2,831	0
Rent	2,799	0
Miscellaneous	826	220
Total Expenses	267,051	187,183
 Increase (Decrease) in Net Assets	31,979	14,820
 Net Assets - Unrestricted - Beginning of Year	89,044	74,224
 Net Assets - Unrestricted - End of Year	\$ 121,023	\$ 89,044

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

SPENCER COUNTY TOURISM COMMISSION, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Spencer County Tourism Commission, Inc. was incorporated as a non-profit corporation in the State of Indiana for the purpose of overseeing the disbursement of funds generated by the Spencer County Innkeeper's Tax in a fair and impartial manner that will promote the development and growth of the tourism industry in Spencer County with an emphasis on overnight tourism business.

Basis of Presentation

The Commission's financial statements are presented on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, donor restricted support whose restrictions are met in the same reporting period in which the support is received is reported as unrestricted support.

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.

Fund Accounting

The accounts of the commission's are maintained in accordance with the principles of fund accounting. The cost of the Commission's program have been reported on a functional basis.

Cash Equivalents

The Commission considers all highly liquid investments with a maturity of three month or less to be cash equivalents.

SPENCER COUNTY TOURISM COMMISSION, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and depreciation

Office furniture is recorded at cost or at estimated market value at the time of receipt in case of donated equipment. Depreciation is computed by the declining balance method over the estimated useful lives of the respective asset accounts as follows:

Leasehold Improvements	5-39 years
Furniture and Fixtures	5-10

Federal and State Income Taxes

The Commission is recognized as a nonprofit corporation under Section 501 of the Internal Revenue Code by both the state and federal taxing authorities. Therefore, no provision for federal or state income taxes is included in the financial statements. The Commission is other than a private foundation.

Property and Equipment

The costs and related accumulated depreciation of property and equipment consisted of the following as of December 31,

	<u>2007</u>	<u>2006</u>
Furniture and equipment	\$ 21,648	\$ 17,949
Less accumulated depreciation	(15,815)	(13,837)
Net carrying value	<u>\$ 5,833</u>	<u>\$ 4,112</u>

Depreciation charged to expense for the 12 months ended December 31, 2007 and 2006, was \$1,978 and \$2,045, respectively, computed on a declining balance.

Advertising

The Commission expenses all advertising costs when incurred.

NOTE 2: CONCENTRATIONS OF CREDIT RISK

The Commission maintains cash balances at one financial institution. Cash balances at this institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. There were no uninsured balances at December 31, 2007 and 2006.

See independent auditor's report.

SUPPLEMENTAL INFORMATION

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

SCHEDULES OF PROGRAM ACTIVITY
- MODIFIED CASH BASIS
For the Years Ended December 31,

	Visitors Bureau	Rest Stop	2007	2006
SUPPORT AND REVENUE				
Project contributions	\$ 0	\$ 39,251	\$ 39,251	32,948
Inn keeper tax	257,734	0	257,734	168,753
Miscellaneous	1,650	0	1,650	5
Interest	395	0	395	297
Total Support and Revenue	<u>259,779</u>	<u>39,251</u>	<u>299,030</u>	<u>202,003</u>
EXPENSES				
Wages	56,590	44,270	100,860	93,638
Depreciation	1,978	0	1,978	2,045
Advertising	55,969	0	55,969	33,758
Postage/shipping	5,954	0	5,954	4,958
Promotional materials	15,512	0	15,512	3,124
Office supplies	4,265	122	4,387	8,153
Promotional events & projects	6,325	0	6,325	4,143
Internet/web service	2,675	0	2,675	3,170
Phone	3,236	611	3,847	3,117
Meals/travel expense	2,387	248	2,635	2,561
Fees, dues & subscriptions	6,015	0	6,015	5,039
Contract labor	38,265	0	38,265	9,517
Professional fees	990	0	990	955
FICA tax expense	4,633	3,354	7,987	7,163
Employment taxes	123	773	896	1,304
Insurance	6,300	0	6,300	4,318
Pension plan	2,831	0	2,831	0
Rent	2,799	0	2,799	0
Miscellaneous	826	0	826	220
Total Expenses	<u>217,673</u>	<u>49,378</u>	<u>267,051</u>	<u>187,183</u>
Increase (Decrease) in Net Assets	<u>\$42,106</u>	<u>(\$10,127)</u>	<u>\$31,979</u>	<u>\$14,820</u>

See independent auditor's report.