

**OF INDIANA**

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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

November 23, 2009

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, 2008 to December 31, 2008. 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, 2008, 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

WAYNE COUNTY CONVENTION AND
TOURISM BUREAU, INC.

FINANCIAL STATEMENTS

December 31, 2008 and 2007

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, 2008 and 2007, 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, 2008 and 2007, 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
March 16, 2009

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Financial Position
For the Year Ended December 31, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash	\$ 213,490	\$ 200,963
Accounts Receivable	-	422
Inventory	10,579	7,625
Prepaid Assets	6,054	-
Total Current Assets	230,123	209,010
PROPERTY AND EQUIPMENT		
Land & Building	870,993	870,547
Furniture & Fixtures	74,681	79,843
Interstate Signage	18,448	18,448
Vehicles	15,429	7,290
	979,551	976,129
Less Accumulated Depreciation	(257,734)	(245,866)
Net Property and Equipment	721,817	730,262
TOTAL ASSETS	\$ 951,940	\$ 939,272
 LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,163	\$ 10,716
Accrued Expenses	2,553	405
Current Portion of Long Term Debt	1,691	2,029
Total Current Liabilities	15,407	13,150
Long Term Debt - Lease Payable		1,691
Unrestricted Net Assets	936,533	924,431
TOTAL LIABILITIES AND NET ASSETS	\$ 951,940	\$ 939,272

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Activities
For the Year Ended December 31, 2008 and 2007

	2008	2007
REVENUE:		
Appropriations	\$ 499,259	\$ 427,961
State Tourism Income	27,961	30,291
Hospitality Participation Income	-	4,370
Gift Shop Sales (Net of Cost of Goods Sold)	5,814	2,558
Interest Income	2,783	2,924
Total Unrestricted Revenue	535,817	468,104
 ADMINISTRATIVE EXPENSES:		
Salaries	62,000	60,000
Outside Services	28,944	38,658
Ancillary Services	-	-
Travel and Mileage	8,168	9,507
Payroll Taxes	5,235	5,016
Office Supplies	11,849	11,045
Utilities	9,882	9,554
Legal and Accounting Fees	13,111	12,458
Insurance - Personnel	4,900	5,152
Telephone	5,259	4,701
Insurance - Business	5,491	5,211
Retirement	6,000	5,000
Office Equipment and Furniture	779	356
Depreciation	19,941	18,897
	181,558	185,555
 PROMOTION EXPENSES:		
Salaries	135,450	125,795
Convention & Tourism Marketing	56,185	54,865
Welcome Center Wages	19,573	19,417
Project Development	46,116	5,938
Postage and Freight	10,440	11,659
Payroll Taxes	14,105	12,620
Insurance - Personnel	9,623	9,266
Telephone	5,332	5,367
Volunteer Expenses	3,751	3,640
Retirement	12,500	10,000
Public Relations	7,538	3,202
Dues and Memberships	3,262	3,234
Out of Town Expenses	981	1,516
Miscellaneous	3,804	2,338
Training and Education	1,127	533
Printing and Duplication	12,368	276
	342,156	269,668
 Total Expenses	523,715	455,223
 Change in Net Assets	12,102	12,881
 Beginning Unrestricted Net Assets	\$ 924,431	\$ 911,550
 Ending Unrestricted Net Assets	\$ 936,533	\$ 924,431

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Cash Flows
For the Year Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES:		
Change in net assets	12,102	12,881
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on Disposal of Assets	-	115
Depreciation	19,941	18,897
	<u>32,043</u>	<u>31,894</u>
Changes in operating assets and liabilities:		
Increase in accounts receivable	422	618
Decrease/Increase in appropriation receivable	-	36,294
Decrease/Increase in prepaids	(6,054)	-
Decrease/Increase in inventory	(2,954)	2,201
Decrease in deposits	-	-
Increase in accounts payable	447	1,591
Decrease in accrued expenses	<u>2,148</u>	<u>405</u>
Net Cash Used in Operating Activities	26,051	73,003
INVESTING ACTIVITIES:		
Purchase of equipment	(11,049)	(10,245)
Purchase of building & improvements	<u>(446)</u>	<u>-</u>
Net Cash Used in Investing Activities	(11,495)	(10,245)
FINANCING ACTIVITIES:		
Capital Lease		-
Payments on lease	<u>(2,028)</u>	<u>(2,029)</u>
Net Cash Provided by Financing Activities	(2,028)	(2,029)
NET INCREASE/DECREASE IN CASH	12,528	60,729
CASH--beginning of year	<u>200,963</u>	<u>140,234</u>
CASH--end of year	<u><u>213,490</u></u>	<u><u>200,963</u></u>

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Notes to Financial Statements
Year Ended December 31, 2008 and 2007

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.

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.

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.

Promotional Expenses – Marketing and promotional costs are expensed as incurred. Promotional expenses were \$ 342,156 and \$ 269,668 for the year ended December 31, 2008 and 2007, respectively. 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.

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

Notes to Financial Statements

Year Ended December 31, 2008 and 2007

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

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 12/31/07	Balance 12/31/06
Land	\$ 257,600	\$ 257,600
Building	479,698	479,698
Building Improvement	133,249	133,249
Interstate Signage	18,448	18,448
Vehicles	7,290	4,400
Furniture & fixtures	79,843	95,556
Total Cost	976,129	988,951
Less Accumulated Depreciation	(245,866)	-249,921
	\$ 730,262	\$ 739,030

NOTE C – LEASE COMMITMENTS

In 2004, the Bureau entered into a capital lease with Ikon Financial Services for the lease of 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 2008 and 2007. Future minimum payments required under the lease are as follows:

2009	\$1,691
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In 2006, the Bureau entered a lease for a vehicle for \$408 per month under a lease agreement that expires August 2010. Lease expense for the vehicle was \$4,896 for 2008 and 2007.

Future minimum payments required under the operating lease are as follows:

2008-2009	\$4,896 per year
2010	\$3,672

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.

Notes to Financial Statements

Year Ended December 31, 2008 and 2007

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 on July 1, 2003. The contract renewed every two years and expired January, 2009 due to state budget cuts. 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 full-time 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 each of the years ended December 31, 2008 and 2007 was \$18,500 and \$15,000.

NOTE F – WAYNE COUNTY CONVENTION AND TOURISM BUILDING

The building located at the present site of the Welcome Center, was recorded as a contribution at the fair market value on October 28, 2006 as represented by the independent sale negotiation with the unrelated owners of the premise, less the cash paid by the Bureau. In 1980, an agency of the Wayne County government named the Board of Managers of the Wayne County Convention and Tourism Bureau was created for the sole purpose of promoting the development and growth of the convention and tourism industry in Wayne County. On September 22, 2006, that Board of Managers pledged a portion of the Innkeepers Tax to the direct payment of debt service on and for the bonds which were used to purchase the building given to the Bureau. Although the Board of Managers is a separate organized body of the county government, the financial impact on future cash flow of the Bureau is directly related.

FENNIMORE & ASSOCIATES PC
CERTIFIED PUBLIC ACCOUNTANTS

March 16, 2009

To the Board of Directors
Wayne County Convention and Tourism Bureau, Inc.

We have audited the financial statements of Wayne County Convention and Tourism Bureau, Inc. for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 16, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 8, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Wayne County Convention and Tourism Bureau, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wayne County Convention and Tourism Bureau, Inc. are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was :

Management's estimate of the estimated life of assets is based on estimated life of 39 years for building and 3 – 10 years for furniture and fixtures. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Organization's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Organization, either individually or in the aggregate, indicate matters that could have a significant effect on the Organization's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board of Directors and management of Wayne County Convention and Tourism Bureau, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Ann J. Fennimore, C.P.A.

Fennimore & Associates PC