



STATE OF INDIANA
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October 13, 2011

Board of Directors
Kosciusko County Convention
and Visitors Bureau, Inc.
111 Capital Drive
Warsaw, IN 46582

We have reviewed the audit report prepared by Dahms & Yarian, Inc., 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 Kosciusko County Convention and Visitors 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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.
Warsaw, Indiana

FINANCIAL STATEMENTS

Years Ended December 31, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kosciusko County Convention and Visitors Bureau, Inc.
Warsaw, Indiana

We have audited the accompanying statements of financial position of Kosciusko County Convention and Visitors Bureau, Inc. (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activity, functional expenses, 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. 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 Kosciusko County Convention and Visitors Bureau, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

February 1, 2010

Dahms & Yarian, Inc.

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2008 and 2007

ASSETS	2008	2007
CURRENT ASSETS		
Cash	\$ 134,982	\$ 67,069
Commission - contract receivables	-0-	17,500
Other receivables	75	-0-
Total Current Assets	\$ 135,057	\$ 84,569
PROPERTY AND EQUIPMENT		
Land	\$ 125,169	\$ 125,169
Land improvements	34,442	34,442
Building	260,174	258,874
Office equipment	72,092	70,146
Website design	22,020	12,095
	\$ 513,897	\$ 500,726
Less: accumulated depreciation	163,641	145,824
Property and Equipment - Net	\$ 350,256	\$ 354,902
OTHER ASSETS		
Prepayments and deferred charges	\$ 14,372	\$ 5,482
Total Other Assets	\$ 14,372	\$ 5,482
	\$ 499,685	\$ 444,953

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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
December 31, 2008 and 2007

	2008	2007
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 33,570	\$ 17,774
Current part - long-term obligations	5,781	4,808
Total Current Liabilities	\$ 39,351	\$ 22,582
LONG-TERM OBLIGATIONS		
Mortgage payable	\$ 62,958	\$ 66,392
Current part - long-term obligations	(5,781)	(4,808)
Long-Term Obligations - Net	\$ 57,177	\$ 61,584
NET ASSETS		
Unrestricted	\$ 403,157	\$ 360,787
	\$ 499,685	\$ 444,953

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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.

STATEMENTS OF ACTIVITY
Years ended December 31, 2008 and 2007

	2008	2007
SUPPORT AND REVENUE		
Commission - contract	\$ 440,000	\$ 370,450
Other income	582	1,598
Interest	2,803	3,939
Total Support and Revenue	\$ 443,385	\$ 375,987
EXPENSES		
Advertising	\$ 75,652	\$ 66,005
Bank charges	510	493
Booth fees	3,375	3,200
Computer support	1,127	1,485
Depreciation	17,817	14,019
Dues and subscriptions	9,122	7,245
Insurance	9,807	7,869
Leased equipment	282	1,941
Legal and accounting	9,313	7,246
Lodging	3,632	2,457
Loss on asset disposal	-0-	84
Meals and entertainment	3,547	3,056
Meetings	3,520	1,406
Mortgage interest	5,491	4,480
Payroll taxes	10,369	8,880
Postage	16,928	16,037
Promotional	10,450	11,631
Property taxes	14	27
Publications and printing	2,197	3,978
Registrations	4,310	3,320
Repairs and maintenance	20,362	14,157
Research	15,056	9,037
Salaries	121,917	110,496
Special events	10,447	5,986

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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.

STATEMENTS OF ACTIVITY (CONTINUED)
Years ended December 31, 2008 and 2007

EXPENSES (CONTINUED)	2008	2007
Supplies	9,398	9,249
Telephone	7,914	7,319
Training	7,860	4,521
Travel	11,582	10,541
Utilities	6,322	5,742
Website maintenance	2,694	2,681
Total Expenses	\$ 401,015	\$ 344,588
 CHANGE IN NET ASSETS	 \$ 42,370	 \$ 31,399
 NET ASSETS, beginning of year	 360,787	 329,388
 NET ASSETS, end of year	 \$ 403,157	 \$ 360,787

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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2008

	<u>PROGRAMS</u>	<u>ADMINISTRATION</u>	<u>TOTAL</u>
EXPENSES			
Advertising	\$ 75,652	\$ -0-	\$ 75,652
Bank Charges	-0-	510	510
Booth fees	3,375	-0-	3,375
Computer support	1,127	-0-	1,127
Depreciation	14,280	3,537	17,817
Dues and subscriptions	9,122	-0-	9,122
Insurance	1,390	8,417	9,807
Leased equipment	-0-	282	282
Legal and accounting	-0-	9,313	9,313
Lodging	3,632	-0-	3,632
Meals and entertainment	3,547	-0-	3,547
Meetings	3,520	-0-	3,520
Mortgage interest	5,491	-0-	5,491
Payroll taxes	6,740	3,629	10,369
Postage	16,657	272	16,929
Promotional	10,450	-0-	10,450
Property taxes	14	-0-	14
Publications and printing	2,058	140	2,198
Registrations	4,310	-0-	4,310
Repairs and maintenance	20,146	215	20,361
Research projects	15,056	-0-	15,056
Salaries	79,246	42,671	121,917
Special events	10,447	-0-	10,447
Supplies	7,047	2,351	9,398
Telephone	7,914	-0-	7,914
Training	7,860	-0-	7,860
Travel	11,356	225	11,581
Utilities	6,322	-0-	6,322
Website maintenance	2,694	-0-	2,694
Total Expenses	<u>\$ 329,453</u>	<u>\$ 71,562</u>	<u>\$ 401,015</u>

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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2007

	<u>PROGRAMS</u>	<u>ADMINISTRATION</u>	<u>TOTAL</u>
EXPENSES			
Advertising	\$ 66,005	\$ -0-	\$ 66,005
Bank Charges	-0-	493	493
Booth Fees	3,200	-0-	3,200
Computer support	1,485	-0-	1,485
Depreciation	10,514	3,505	14,019
Dues and subscriptions	7,245	-0-	7,245
Insurance	1,291	6,578	7,869
Leased equipment	-0-	1,941	1,941
Legal and accounting	-0-	7,246	7,246
Lodging	2,457	-0-	2,457
Loss on asset disposal	84	-0-	84
Meals and entertainment	3,056	-0-	3,056
Meetings	379	1,027	1,406
Mortgage interest	3,360	1,120	4,480
Payroll taxes	5,772	3,108	8,880
Postage	16,037	-0-	16,037
Promotional	11,631	-0-	11,631
Property taxes	20	7	27
Publications and printing	3,978	-0-	3,978
Registrations	3,320	-0-	3,320
Repairs and maintenance	14,090	67	14,157
Research projects	9,037	-0-	9,037
Salaries	71,822	38,674	110,496
Special events	5,986	-0-	5,986
Supplies	6,669	2,580	9,249
Telephone	7,319	-0-	7,319
Training	3,581	940	4,521
Travel	10,339	202	10,541
Utilities	4,307	1,435	5,742
Website maintenance	2,681	-0-	2,681
Total Expenses	<u>\$ 275,665</u>	<u>\$ 68,923</u>	<u>\$ 344,588</u>

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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.

STATEMENTS OF CASH FLOWS
Years ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 42,370	\$ 31,399
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,817	14,019
Loss on asset disposal	-0-	84
(Increase) decrease in:		
Commission - contract receivables	17,500	(17,500)
Other receivables	(75)	-0-
Prepayments and deferred charges	(8,890)	(4,942)
Increase (decrease) in:		
Accrued expenses	15,796	11,889
Net Cash Provided by Operating Activities	\$ 84,518	\$ 34,949
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	\$ (13,171)	\$ (20,930)
Net Cash Provided (Used) by Investing Activities	\$ (13,171)	\$ (20,930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bank loans	\$ (69,121)	\$ (10,256)
Proceeds from bank loans	65,687	-0-
Net Cash Provided (Used) by Financing Activities	\$ (3,434)	\$ (10,256)
NET CASH PROVIDED	\$ 67,913	\$ 3,763
CASH AT BEGINNING OF YEAR	67,069	63,306
CASH AT END OF YEAR	\$ 134,982	\$ 67,069
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ 4,541	\$ 4,466

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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity - The Kosciusko County Convention and Visitors Bureau, Inc. (CVB) is a not-for-profit corporation formed under Indiana law pursuant to Articles of Incorporation, April 8, 1987. The Kosciusko County Convention and Visitors Bureau, Inc. was formed for the promotion and creation of tourism in Kosciusko County by maintaining a climate to attract conventions and visitors to Kosciusko County and by providing recreational facilities. The primary source of revenue is from the InnKeeper's Tax, which is provided through an annual contract with the Kosciusko County Convention, Recreation, and Visitor's Commission.

Basis of Presentation - The accompanying financial statements generally follow the method of accounting prescribed for not-for-profit organizations using the accrual basis of accounting in accordance with generally accepted accounting principles accepted in the United States of America.

Cash and Cash Equivalents - Cash and cash equivalents are defined as cash on hand and held in banks and certificates of deposit whose original maturity is three months or less.

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

Property and Equipment and Depreciation - It is the Organization's policy to capitalize property and equipment over \$100 with a useful life longer than three years. Lesser amounts are expensed. Property and equipment are recorded at cost. Depreciation is computed over the estimated useful lives of the property and equipment on the straight-line and declining-balance methods. The repairs and maintenance items are expensed currently in the statements of activity.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code on its business income related to its exempt purposes. The Organization has not been classified by the Internal Revenue Service as a private foundation.

Advertising - The Organization expenses advertising costs as incurred because the probable future benefit of the advertising is short-term.

NOTE B - CONCENTRATIONS

The CVB's main source of revenue is the InnKeeper's tax, which is obtained from the Kosciusko County Convention, Recreation, and Visitor's Commission through an annual contract. Consequently, the Organization may be affected by economic fluctuations within the county.

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008 and 2007

NOTE C - COMMITMENTS

The CVB entered into a contract in November 2001 with an annual term for an advertisement in the 80/90 Toll Road Directory. The contract has been renewed each year with annual terms. The annual expense under this contract totaled \$1,506 and \$1,482 for 2008 and 2007, respectively. The contract has been renewed for 2009.

The CVB entered into a contract in May 2003 for an advertisement in a travel guide and a directory listing. The contract had a term of 24 months. The contract was renewed in July 2007 with a term of 24 months. The annual expense under this contract totaled \$5,225 and \$5,005 for 2008 and 2007, respectively.

The CVB entered into a contract in August 2001 to participate in a regional marketing program. The contract has a term of 12 months. The annual expense under this contract totaled \$37,500 and \$37,500 for 2008 and 2007, respectively. The contract has been renewed for 2009.

The CVB entered into an advertising contract in December 2005. The contract has a term of 3 years with annual payments of \$450. The annual expense under this contract totaled \$450 and \$450 for the years ended December 31, 2008 and 2007, respectively.

Future minimum contract payments for the above contracts are as follows:

2009	\$ 44,231
	<u>\$ 44,231</u>

NOTE D - LONG-TERM OBLIGATION

The CVB had a mortgage loan with National City Bank with an interest rate of 7.69%, due in monthly payments of \$812 including interest. The loan was refinanced with Mutual Bank in June of 2008. The mortgage was secured by the land and building, with a balance of \$-0- and \$66,392 on December 31, 2008 and 2007, respectively.

The CVB has a mortgage loan with Mutual Bank with a fixed interest rate of 6.3%, due in monthly payments of \$801 including interest. The loan matures in June 2017. The mortgage is secured by the land and building, with a balance of \$62,958 and \$-0- on December 31, 2008 and 2007, respectively.

KOSCIUSKO COUNTY CONVENTION AND VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2008 and 2007

NOTE D - LONG-TERM OBLIGATION (CONTINUED)

Maturities of the long-term obligation are as follows:

	2009	\$	5,781
	2010		6,156
	2011		6,555
	2012		6,981
	2013 and thereafter		<u>37,485</u>
		\$	<u>62,958</u>

NOTE E - DONATED SERVICES

Many individuals volunteer their time to perform a variety of tasks that assist the Organization. These services do not meet the requirements for recognition in the financial statements and, accordingly, have not been recorded. The Organization received approximately 308 and 649 hours of donated services during the years ended December 31, 2008 and 2007, respectively. The fair value of donated service hours was \$1,909 and \$3,797 for the years ended December 31, 2008 and 2007, respectively.