



STATE OF INDIANA
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October 3, 2013

Board of Directors
LaGrange County Convention
and Visitors Bureau, Ltd.
350 S. Van Buren St.
Shipshewana, IN 46565

We have reviewed the audit report prepared by Baden Gage & Schroeder, LLC, Independent Public Accountants, for the period January 1, 2011 to December 31, 2011. 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, Ltd., as of December 31, 2011, 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, Ltd.**

December 31, 2011 and 2010

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



**Financial Statements
December 31, 2011 and 2010**

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Certified Public Accountants • Business Consultants

Independent Auditors' Report

The Board of Directors
LaGrange County Convention and Visitors Bureau, Ltd.
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, Ltd. (the Bureau) as of December 31, 2011 and 2010, 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we express no such opinion. 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, Ltd. at December 31, 2011 and 2010, 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.

Baden, Gage & Schroeder, LLC

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
May 9, 2012

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



**Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2011 and 2010**

| | <u>2011</u> | <u>2010</u> |
|--|------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | \$ 76,503 | \$ 128,012 |
| PROPERTY AND EQUIPMENT | | |
| Furniture, fixtures and equipment | 25,503 | 22,635 |
| Transportation equipment | <u>18,085</u> | <u>18,085</u> |
| | 43,588 | 40,720 |
| Less: Amortization | <u>37,141</u> | <u>34,009</u> |
| Net Property and Equipment | <u>6,447</u> | <u>6,711</u> |
| WEBSITE | 10,000 | - |
| Less: Accumulated depreciation | <u>750</u> | <u>-</u> |
| Net Website | <u>9,250</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 92,200</u> | <u>\$ 134,723</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Payroll taxes withheld | \$ 2,971 | \$ 2,928 |
| NET ASSETS | | |
| Unrestricted | 72,393 | 113,459 |
| Temporarily restricted | <u>16,836</u> | <u>18,336</u> |
| Total Net Assets | <u>89,229</u> | <u>131,795</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 92,200</u> | <u>\$ 134,723</u> |

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



**Statements of Revenues and Expenses and Changes in Net Assets -
Modified Cash Basis
Years Ended December 31, 2011 and 2010**

| | <u>2011</u> | <u>2010</u> |
|---|-----------------|----------------|
| UNRESTRICTED NET ASSETS | | |
| Revenues | | |
| Innkeeper's Tax Commission grants | \$ 392,500 | \$ 392,500 |
| Vacation Planner advertisements | 87,713 | 88,450 |
| Interest income | 200 | 303 |
| Special event income | 4,789 | 5,470 |
| Miscellaneous income | 1,528 | - |
| Net assets released from restrictions | <u>1,500</u> | <u>22,152</u> |
| Total Revenues | 488,230 | 508,875 |
| Expenses | | |
| Personnel Expenses: | | |
| Employee medical benefits | 15,865 | 15,936 |
| Retirement benefits | 1,640 | 1,704 |
| Salaries and wages | 99,401 | 103,039 |
| Taxes - payroll | <u>8,111</u> | <u>8,428</u> |
| | 125,017 | 129,107 |
| Promotion and Marketing Expenses: | | |
| Advertising and public relations | 179,828 | 157,654 |
| Vacation Planner | 124,016 | 74,801 |
| Grants to nonprofit organizations | 17,361 | 20,842 |
| Postage | 9,684 | 11,938 |
| Printing | 3,630 | 1,777 |
| Telephone | 6,297 | 6,861 |
| Travel and seminar | 8,828 | 7,130 |
| Vehicle fuel and maintenance | <u>1,564</u> | <u>2,387</u> |
| | 351,208 | 283,390 |
| General and Administrative Expenses: | | |
| Depreciation and amortization | 5,885 | 7,654 |
| Dues and memberships | 8,878 | 6,448 |
| Equipment rent, repairs and maintenance | 3,534 | 2,951 |
| Insurance | 3,446 | 3,429 |
| Legal and professional | 13,781 | 7,885 |
| Miscellaneous | 962 | 355 |
| Office supplies | 2,899 | 2,781 |
| Office rental and utilities | <u>12,186</u> | <u>11,879</u> |
| | 51,571 | 43,382 |
| Major Moves expense | <u>1,500</u> | <u>22,152</u> |
| Total Expenses | <u>529,296</u> | <u>478,031</u> |
| INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS | (41,066) | 30,844 |
| (Continued) | | |

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



**Statements of Revenues and Expenses and Changes in Net Assets -
Modified Cash Basis (Continued)
Years Ended December 31, 2011 and 2010**

| | <u>2011</u> | <u>2010</u> |
|---|------------------|-------------------|
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Net assets released due to satisfaction of purpose restriction | \$ (1,500) | \$ (22,152) |
| DECREASE IN TEMPORARILY RESTRICTED NET ASSETS | <u>(1,500)</u> | <u>(22,152)</u> |
| TOTAL NET INCREASE (DECREASE) IN NET ASSETS | (42,566) | 8,692 |
| NET ASSETS, BEGINNING OF YEAR | <u>131,795</u> | <u>123,103</u> |
| NET ASSETS, END OF YEAR | <u>\$ 89,229</u> | <u>\$ 131,795</u> |

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements
December 31, 2011 and 2010

Note 1. Organization and Significant Accounting Policies

Organization:

The LaGrange County Convention and Visitors Bureau, Ltd. (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 and website expenditures are capitalized and related depreciation and amortization is recorded in the year it is incurred and recognized as expense in the year to which it relates.

Basis of Presentation:

The Bureau 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.

Unrestricted Net Assets: Unrestricted net assets include expendable resources over which the Bureau's Board of Directors has discretionary control and are used to carry out the Bureaus' operations in accordance with its by-laws.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Bureau.

Permanently Restricted Net Assets: Permanently restricted net assets include resources subject to donor-imposed stipulations that they be maintained permanently by the Bureau. There were no permanently restricted net assets for the years ended December 31, 2011 and 2010.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued)
December 31, 2011 and 2010

Note 1. Organization and Significant Accounting Policies (Continued)

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 income taxes.

The accounting standard which provides guidance on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Association and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2011 and 2010.

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, 2011 and 2010, totaled \$5,135 and \$7,654, respectively.

Website:

In 2011, the Bureau began and completed phase one of a three-phase website project. The website is stated at cost. Amortization is computed using the straight-line method over the estimated useful life of the asset which is 5 years. Routine maintenance and upgrades to the website are expensed as incurred and significant additions to the features of the site are capitalized at cost. Amortization expense for the years ended December 31, 2011 and 2010, totaled \$750 and \$0, respectively. Payments of \$10,000 in each of the next 2 years are required to complete the remaining phases.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued) December 31, 2011 and 2010

Note 1. Organization and Significant Accounting Policies (Continued)

Advertising Costs:

Advertising costs are charged to operations when incurred and are included in total expenses. The amounts charged in 2011 and 2010 were \$179,828 and \$157,654, respectively.

Subsequent Events:

Management of the Bureau has evaluated events and transactions for possible recognition or disclosure through May 9, 2012, the date the financial statements were available to be issued.

Note 2. Temporarily Restricted Net Assets

In 2009, the Bureau received a \$50,000 grant from the LaGrange County Council for a Major Moves project promoting the development and growth of economic development, job growth, and public safety in LaGrange County. At December 31, 2011,

the Bureau had temporarily restricted net assets of \$16,836 (\$18,336 at December 31, 2010). Temporarily restricted net assets of \$1,500 (\$22,152 in 2010) were released in 2011 as expenditures were incurred relating to the specified purpose of the grant.

Note 3. Operating Leases

The Bureau leases its operating facility on an annual basis requiring monthly rental payments. The lease agreement for the Town Center facility required monthly payments, including utilities, of \$945 through July 2011. This lease agreement was renewed on a month to month basis at the same rate through January 2012 at which time the Bureau ended the lease. Effective January 1, 2012, the Bureau entered into an agreement to lease office space at a different location. The Bureau also leases an offsite storage unit on a calendar year basis with the full annual payment made at the commencement of the lease. Total lease expense, for the years ended December 31, 2011 and 2010, totaled \$12,186 and \$11,879, respectively.

The Bureau leased a postage machine on a quarter to quarter basis through 2010. The agreement required quarterly payments of \$173. Effective January 1, 2011, the Bureau elected to cancel the lease on the equipment. Equipment rent expense for this machine for the years ended December 31, 2011 and 2010, totaled \$0 and \$692, respectively.