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October 16, 2013

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, 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 Wayne County Convention and Tourism Bureau, Inc., 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

WAYNE COUNTY CONVENTION AND
TOURISM BUREAU, INC.

FINANCIAL STATEMENTS

December 31, 2011 and 2010

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, 2011 and 2010, 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, 2011 and 2010, 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 9, 2012

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Financial Position
For the Year Ended December 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash	\$ 185,452	\$ 175,884
Government Receivable	100,313	100,313
Inventory	14,039	12,909
Prepaid Assets	2,587	31,949
Total Current Assets	302,391	321,054
PROPERTY AND EQUIPMENT		
Land & Building	871,667	866,167
Furniture & Fixtures	72,895	73,821
Interstate Signage	18,448	18,448
Vehicles	24,717	24,717
	987,727	983,154
Less Accumulated Depreciation	(294,201)	(276,460)
Net Property and Equipment	693,526	706,694
TOTAL ASSETS	\$ 995,917	\$ 1,027,748
 LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,638	\$ 2,677
Accrued Expenses	-	-
Deferred Revenue	-	12,285
Current Portion of Long Term Debt	-	-
Total Current Liabilities	3,638	14,962
Unrestricted Net Assets	992,279	1,012,786
TOTAL LIABILITIES AND NET ASSETS	\$ 995,917	\$ 1,027,748

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Activities
For the Year Ended December 31, 2011 and 2010

	2011	2010
REVENUE:		
Appropriations	\$ 401,250	\$ 401,250
Miscellaneous Income	230	123
Gift Shop Sales (Net of Cost of Goods Sold)	366	5,789
Interest Income	293	290
Total Unrestricted Revenue	402,139	407,452
 ADMINISTRATIVE EXPENSES:		
Salaries	62,500	61,500
Outside Services	23,779	24,556
Travel and Mileage	3,475	3,219
Payroll Taxes	5,247	5,236
Office Supplies	8,438	7,712
Utilities	9,194	9,134
Legal and Accounting Fees	12,541	13,461
Insurance - Personnel	7,234	6,786
Telephone	2,850	4,596
Insurance - Business	6,324	6,982
Retirement	6,000	6,000
Office Equipment and Furniture	413	1,697
Depreciation	19,811	19,311
	167,806	170,188
 PROMOTION EXPENSES:		
Salaries	136,398	127,578
Convention & Tourism Marketing	33,452	32,132
Welcome Center Wages	5,474	2,615
Project Development	3,961	4,490
Postage and Freight	6,557	5,831
Payroll Taxes	12,260	12,310
Insurance - Personnel	12,536	11,348
Telephone	2,622	4,670
Volunteer Expenses	2,505	1,936
Retirement	15,000	15,000
Public Relations	4,436	6,367
Dues and Memberships	2,932	4,200
Out of Town Expenses	1,440	190
Source Publications	443	204
Miscellaneous	1,624	1,305
Training and Education	1,139	613
Printing and Duplication	12,063	871
	254,841	231,660
 Total Expenses	422,647	401,849
 Change in Net Assets	(20,508)	5,603
 Beginning Unrestricted Net Assets	\$ 1,012,787	\$ 1,007,183
 Ending Unrestricted Net Assets	\$ 992,279	\$ 1,012,787

WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Statement of Cash Flows
For the Year Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES:		
Change in net assets	(20,508)	5,603
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on Disposal of Assets		
Depreciation	19,811	19,311
	<u>(697)</u>	<u>24,914</u>
Changes in operating assets and liabilities:		
Increase in accounts receivable	-	-
Decrease/Increase in appropriation receivable	-	(22,629)
Decrease/Increase in prepaids	29,362	(15,165)
Decrease/Increase in inventory	(1,130)	(2,329)
Decrease in deposits	-	-
Increase in accounts payable	962	(1,423)
Decrease in accrued expenses	<u>(12,285)</u>	<u>12,285</u>
Net Cash Used in Operating Activities	16,212	(4,348)
INVESTING ACTIVITIES:		
Purchase of equipment	(1,144)	(13,027)
Purchase of building & improvements	<u>(5,499)</u>	<u>-</u>
Net Cash Used in Investing Activities	(6,643)	(13,027)
FINANCING ACTIVITIES:		
Payments on lease	<u>-</u>	<u>-</u>
Net Cash Provided by Financing Activities	-	-
NET INCREASE/DECREASE IN CASH	9,568	(17,375)
CASH--beginning of year	<u>175,884</u>	<u>193,259</u>
CASH--end of year	<u><u>185,452</u></u>	<u><u>175,884</u></u>

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Notes to Financial Statements
For the Year Ended December 31, 2011 and 2010

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.

The Bureau reviews its long assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with Statement of Financial Accounting Standards FASB No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Bureau to conclude the impairment indicators exist and that long-lived assets may be impaired.

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.

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Notes to Financial Statements
For the Year Ended December 31, 2011 and 2010

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

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 \$ 254,841 and \$ 231,660 for the year ended December 31, 2011 and 2010, 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.

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 12/31/11	Balance 12/31/10
Land	257,600	257,600
Building	480,144	480,144
Building Improvement	133,923	128,423
Interstate Signage	18,448	18,448
Vehicles	24,717	24,717
Furniture & fixtures	72,895	73,821
Total Cost	987,727	983,154
Less Accumulated Depreciation	(294,201)	(276,460)
	693,526	706,694

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, 2011 and 2010 was \$21,000 and \$21,000.

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

THE WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.
Notes to Financial Statements
For the Year Ended December 31, 2011 and 2010

NOTE F – WAYNE COUNTY CONVENTION AND TOURISM BUILDING - (Continued)

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.

NOTE G – SUBSEQUENT EVENTS

These financial statements considered subsequent events through March 9, 2012, the date the financial statements were available to be issued.