



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43716

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

June 17, 2014

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, 2012 to December 31, 2012. 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, 2012, 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, 2012 and 2011



Certified Public Accountants • Business Consultants

Independent Auditors' Report

The Board of Directors
LaGrange County Convention and Visitors Bureau, Ltd.
Shipshewana, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the LaGrange County Convention and Visitors Bureau, Ltd. (the Bureau), which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2012 and 2011, and the related statements of revenues and expenses and changes in net assets - modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis as described in Note 1; this includes determining that the modified cash basis is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Certified Public Accountants • Business Consultants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of LaGrange County Convention and Visitors Bureau, Ltd. as of December 31, 2012 and 2011, and its revenues and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

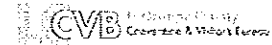
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Baden, Gage & Schroeder, LLC

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
April 30, 2013

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.

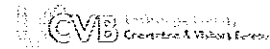


**Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 79,118	\$ 76,503
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	25,503	25,503
Transportation equipment	<u>18,085</u>	<u>18,085</u>
	43,588	43,588
Less: Accumulated depreciation	<u>38,954</u>	<u>37,141</u>
Net Property and Equipment	<u>4,634</u>	<u>6,447</u>
WEBSITE	20,000	10,000
Less: Accumulated amortization	<u>4,625</u>	<u>750</u>
Net Website	<u>15,375</u>	<u>9,250</u>
TOTAL ASSETS	<u>\$ 99,127</u>	<u>\$ 92,200</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Payroll taxes withheld	\$ 2,046	\$ 2,971
NET ASSETS		
Unrestricted	82,495	72,393
Temporarily restricted	<u>14,586</u>	<u>16,836</u>
Total Net Assets	<u>97,081</u>	<u>89,229</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 99,127</u>	<u>\$ 92,200</u>

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.

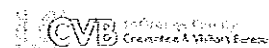


**Statements of Revenues and Expenses and Changes in Net Assets -
Modified Cash Basis
Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS		
Revenues		
Innkeeper's Tax Commission grants	\$ 392,500	\$ 392,500
Vacation Planner advertisements	106,820	87,713
Interest income	133	200
Special event income	5,315	4,789
Miscellaneous income	1,789	1,528
Net assets released from restrictions	<u>2,250</u>	<u>1,500</u>
Total Revenues	508,807	488,230
Expenses		
Personnel Expenses:		
Employee medical benefits	-	15,865
Retirement benefits	1,760	1,640
Salaries and wages	102,386	99,401
Taxes - payroll	<u>8,347</u>	<u>8,111</u>
	112,493	125,017
Promotion and Marketing Expenses:		
Advertising and public relations	147,384	179,828
Vacation Planner	119,906	124,016
Grants to nonprofit organizations	20,650	17,361
Postage	5,402	9,684
Printing	9,193	3,630
Telephone	6,314	6,297
Travel and seminar	7,066	8,828
Vehicle fuel and maintenance	<u>1,998</u>	<u>1,564</u>
	317,913	351,208
General and Administrative Expenses:		
Depreciation and amortization	5,687	5,885
Dues and memberships	8,737	8,878
Equipment rent, repairs and maintenance	8,386	3,534
Insurance	2,671	3,446
Legal and professional	10,742	13,781
Miscellaneous	7,174	962
Office supplies	4,658	2,899
Office rental and utilities	<u>17,994</u>	<u>12,186</u>
	66,049	51,571
Major Moves expense	<u>2,250</u>	<u>1,500</u>
Total Expenses	498,705	529,296
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	10,102	(41,066)

(Continued)

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.

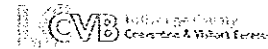


**Statements of Revenues and Expenses and Changes in Net Assets -
Modified Cash Basis (Continued)
Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
TEMPORARILY RESTRICTED NET ASSETS		
Net assets released due to satisfaction of purpose restriction	\$ (2,250)	\$ (1,500)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(2,250)</u>	<u>(1,500)</u>
TOTAL NET INCREASE (DECREASE) IN NET ASSETS	7,852	(42,566)
NET ASSETS, BEGINNING OF YEAR	<u>89,229</u>	<u>131,795</u>
NET ASSETS, END OF YEAR	<u>\$ 97,081</u>	<u>\$ 89,229</u>

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements December 31, 2012 and 2011

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:

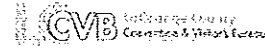
The Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 Bureau's 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, 2012 and 2011.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued)
December 31, 2012 and 2011

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 Bureau 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 Bureau 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, 2012 and 2011. The Bureau is generally no longer subject to examination by the Internal Revenue Service for years prior to 2009.

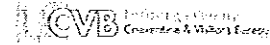
Property and Equipment:

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, 2012 and 2011, totaled \$1,812 and \$5,135, respectively.

Website:

In 2012, the Bureau began and completed phase two 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, 2012 and 2011, totaled \$3,875 and \$750, respectively. A final payment of \$10,000 is due in 2013 to complete the remaining phase.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued)

December 31, 2012 and 2011

Note 1. Organization and Significant Accounting Policies (Continued)

Credit Risk and Concentration:

The Bureau maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Advertising Costs:

Advertising costs are charged to operations when incurred and are included in total expenses. The amounts charged in 2012 and 2011 were \$147,384 and \$179,828, respectively.

Subsequent Events:

Management of the Bureau has evaluated events and transactions for possible recognition or disclosure through April 30, 2013, 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, 2012, the Bureau had temporarily restricted net assets of \$14,586 (\$16,836 at December 31, 2011). Temporarily restricted net assets of \$2,250 were released in 2012 (\$1,500 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 its current location at the rate of \$1,050 per month with the option to renew the lease for one additional year. The Bureau must also pay all utilities and assessments related to the property. This option was exercised and the building lease is set to expire December 31, 2013. Total lease expense including utilities, for the years ended December 31, 2012 and 2011, totaled \$17,994 and \$12,186, respectively.