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August 30, 2017

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, for the period January 1, 2016 to December 31, 2016. 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 LaGrange County Convention and Visitors Bureau, Ltd, as of December 31, 2016, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Financial Statements

**LaGrange County Convention and
Visitors Bureau, Ltd.**

December 31, 2016 and 2015

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Financial Statements
December 31, 2016 and 2015

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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 financial statements of LaGrange County Convention and Visitors Bureau, Ltd. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2016 and 2015, 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 of accounting as described in Note 1; this includes determining that the modified cash basis of accounting 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.

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, 2016 and 2015, 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

Fort Wayne, Indiana
June 26, 2017

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



**Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2016 and 2015**

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 148,378	\$ 151,158
PROPERTY AND EQUIPMENT		
Leasehold improvements	42,796	42,796
Furniture, fixtures and equipment	21,129	22,019
Transportation equipment	<u>18,085</u>	<u>18,085</u>
	82,010	82,900
Less: Accumulated depreciation	<u>44,660</u>	<u>35,172</u>
Net Property and Equipment	37,350	47,728
WEBSITE	29,400	30,000
Less: Accumulated amortization	<u>7,350</u>	<u>27,292</u>
Net Website	<u>22,050</u>	<u>2,708</u>
TOTAL ASSETS	<u>\$ 207,778</u>	<u>\$ 201,594</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Payroll taxes withheld	\$ 3,440	\$ 2,610
NET ASSETS		
Unrestricted	190,327	184,973
Temporarily restricted	<u>14,011</u>	<u>14,011</u>
Total Net Assets	<u>204,338</u>	<u>198,984</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 207,778</u>	<u>\$ 201,594</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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
Revenues		
Innkeeper's Tax Commission grants	\$ 413,500	\$ 388,100
Vacation Planner advertisements	101,432	102,385
In-kind contribution	-	35,591
Interest income	313	141
Event hosting and tours	16,044	9,645
Miscellaneous income	-	71
Net assets released from restrictions	<u>-</u>	<u>200</u>
Total Revenues	531,289	536,133
Expenses		
Personnel Expenses:		
Retirement benefits	3,188	1,897
Salaries and wages	149,404	130,475
Taxes - payroll	<u>11,879</u>	<u>10,824</u>
	164,471	143,196
Promotion and Marketing Expenses:		
Advertising and public relations	125,484	70,819
Vacation Planner	108,479	108,034
Event hosting and tours	11,057	14,645
Postage	2,010	2,960
Printing	7,598	2,482
Telephone	13,928	12,987
Travel and seminar	10,587	11,122
Vehicle fuel and maintenance	<u>842</u>	<u>2,306</u>
	279,985	225,355
General and Administrative Expenses:		
Depreciation and amortization	20,436	13,883
Dues and memberships	11,017	13,390
Equipment rent, repairs and maintenance	4,369	5,370
Insurance	3,528	3,564
Legal and professional	10,075	17,072
Miscellaneous	466	1,320
Office rental and utilities	25,329	25,249
Office supplies	<u>6,259</u>	<u>4,780</u>
	81,479	84,628
Major Moves expense	<u>-</u>	<u>200</u>
Total Expenses	525,935	453,379
INCREASE IN UNRESTRICTED NET ASSETS	5,354	82,754

(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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
TEMPORARILY RESTRICTED NET ASSETS		
Net assets released due to satisfaction of purpose restriction	\$ <u> -</u>	\$ <u> (200)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u> -</u>	<u> (200)</u>
TOTAL NET INCREASE IN NET ASSETS	5,354	82,554
NET ASSETS, BEGINNING OF YEAR	<u>198,984</u>	<u>116,430</u>
NET ASSETS, END OF YEAR	<u>\$ 204,338</u>	<u>\$ 198,984</u>

See Notes to Financial Statements.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements December 31, 2016 and 2015

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. In addition, related depreciation and amortization of the capitalized assets 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, 2016 and 2015.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued) **December 31, 2016 and 2015**

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.

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 paid and improvements and betterments are capitalized at cost. Depreciation expense for the years ended December 31, 2016 and 2015, totaled \$12,603 and \$6,883, respectively.

Website:

The website is stated at cost. Amortization is computed using the straight-line method over the estimated useful life of the asset, which is 3 years. Routine maintenance and upgrades to the website are expensed as paid and significant additions to the features of the site are capitalized at cost. Amortization expense for the years ended December 31, 2016 and 2015, totaled \$7,833 and \$7,000, respectively. Amortization expense for the years ending after December 31, 2016, are expected to be \$9,800 annually through March 2019.

In-kind Contributions:

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amount reflected in the accompanying financial statements as contribution in-kind is the value of leasehold improvements donated to the organization.

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 paid and are included in total expenses. The amounts charged in 2016 and 2015 were \$125,484 and \$70,819, respectively.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued) **December 31, 2016 and 2015**

Note 1. Organization and Significant Accounting Policies (Continued)

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, 2016 and 2015. The Bureau is generally no longer subject to examination by the Internal Revenue Service for years prior to 2013.

New Accounting Standards:

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard will replace the existing three classes of net assets with two classes; net assets with donor restrictions (combination of temporarily and permanently restricted net assets) and net assets without donor restrictions. The standard will also give the Organization the option of presenting the statement of cash flows using the direct method, without presenting the indirect method reconciliation, and require all not-for-profits to present operating expenses by both nature and function. Additional requirements will include improved disclosures related to board-designated net assets, under-water endowments, cost allocation methods, management and general activities and quantitative and qualitative disclosures related to liquidity. This standard is effective for fiscal years beginning after December 15, 2017. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Subsequent Events:

Management of the Bureau has evaluated events and transactions for possible recognition or disclosure through June 26, 2017, the date the financial statements were available to be issued.

LAGRANGE COUNTY CONVENTION AND VISITORS BUREAU, LTD.



Notes to Financial Statements (Continued)
December 31, 2016 and 2015

Note 2. Temporarily Restricted Net Assets

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, 2016 and 2015, the Bureau had temporarily restricted net assets of \$14,011. Temporarily restricted net assets of \$0 were released in 2016 (\$200 in 2015) as expenditures were paid relating to the specified purpose of the grant.

Note 3. Local Revenue

Local revenue received during the years ended December 31, 2016 and 2015, was as follows:

	<u>2016</u>	<u>2015</u>
LaGrange County:		
Convention, Recreation, and Visitors Commission passed through from the State of Indiana for hotel room taxes	\$ 413,500	\$ 388,100
Convention, Recreation, and Visitors Commission in-kind contribution for office expansion	<u>-</u>	<u>35,591</u>
Total Local Revenue	<u>\$ 413,500</u>	<u>\$ 423,691</u>

All amounts are budgeted to be used for promoting tourism and operations of the Bureau in the year received. Unused funds related to a grant received in a previous year are properly recorded as temporarily restricted net assets and released as expenditures related to the restricted purpose occur.

Note 4. Operating Leases

Effective October 1, 2016, the Bureau signed a lease for office space at a rate of \$2,070 per month through September 2018. The Bureau must also pay all utilities and assessments related to the property. Total lease expense, including monthly storage unit rental, for the years ended December 31, 2016 and 2015, totaled \$25,329 and \$25,249, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year, and in aggregate, are as follows:

2017	\$ 24,840
2018	<u>18,630</u>
	<u>\$ 43,470</u>