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February 2, 2018

Board of Directors
Spencer County Tourism Commission, Inc.
39 N. Kringle Place
Santa Claus, IN 47579

We have reviewed the report prepared by Spencer County Tourism Commission, Inc. and opined upon by Krueger & Associates, CPAs, LLC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Spencer County Tourism Commission, Inc. 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.

In our opinion, Krueger & Associates, CPAs, LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

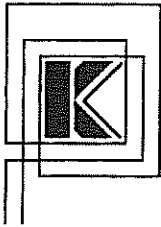
Paul D. Joyce, CPA
State Examiner

**SPENCER COUNTY TOURISM
COMMISSION, INC.
Santa Claus, Indiana**

**FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015**

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

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Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORTS

To the Board of Directors of
Spencer County Tourism Commission, Inc

We have audited the accompanying financial statements of Spencer County Tourism Commission, Inc. (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 revenue, 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 judgement, 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 Spencer County Tourism Commission, Inc. as of December 31, 2016 and 2015 and its revenue, expenses and changes in net assets 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program activity on page 8 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Krueger & Associates, CPA's, LLC

Krueger & Associates, CPA's, LLC

Jasper, Indiana
June 22, 2017

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

EXHIBIT A

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

ASSETS

	December 31	
	2016	2015
CURRENT ASSETS		
Cash - checking	\$5,102	\$5,431
Cash - money market	399,516	359,177
Security Deposit	200	200
Total Current Assets	404,818	364,808
 PROPERTY AND EQUIPMENT		
Equipment	60,948	58,107
Less accumulated depreciation	(50,415)	(46,717)
Total property and equipment	10,533	11,390
 TOTAL ASSETS	\$415,351	\$376,198

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued payroll taxes	\$3,002	\$3,009
 TOTAL LIABILITIES	3,002	3,009
 NET ASSETS		
Unrestricted		
Undesignated	412,349	373,189
 TOTAL NET ASSETS	412,349	373,189
 TOTAL LIABILITIES AND NET ASSETS	\$415,351	\$376,198

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

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

EXHIBIT B

STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 For the Years Ended December 31,

	2016	2015
SUPPORT AND REVENUE		
Inn keeper tax	\$422,879	\$421,306
Interest	151	141
Total Support and Revenue	423,030	421,447
Expenses		
Wages	115,214	116,012
Depreciation	3,698	5,054
Advertising	80,581	58,765
Outreach	35,923	28,800
Postage/shipping	3,903	6,073
Promotional materials	2,056	3,008
Office supplies	2,645	3,467
Promotional events & projects	83,060	78,163
Internet/web services	3,794	1,244
Phone	2,810	2,904
Professional development	2,228	772
Meals/travel expense	10,670	7,105
Fees, dues & subscriptions	9,158	8,795
Contract labor	10,668	10,503
FICA tax expense	8,931	9,433
Employment taxes	434	971
Insurance	2,156	5,542
Pension plan	4,526	5,801
Miscellaneous	1,415	2,036
Total Expenses	383,870	354,448
Increase in Net Assets	39,160	66,999
Net assets - Beginning of year	373,189	306,190
Net assets - End of year	\$412,349	\$373,189

The accompanying notes are an integral part of the financial statements

SPENCER COUNTY TOURISM COMMISSION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Spencer County Tourism Commission, Inc. was incorporated as a non-profit corporation in the State of Indiana for the purpose of overseeing the disbursement of funds generated by the Spencer County Innkeeper's Tax in a fair and impartial manner that will promote the development and growth of the tourism industry in Spencer County with an emphasis on overnight tourism business.

Basis of Presentation

The Commission's financial statements are presented on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, donor restricted support whose restrictions are met in the same reporting period in which the support is received is reported as unrestricted support.

Estimates

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

Fund Accounting

The accounts of the commission's are maintained in accordance with the principles of fund accounting. The cost of the Commission's program have been reported on a functional basis.

Cash Equivalents

The Commission considers all highly liquid investments with a maturity of three month or less to be cash equivalents.

See independent auditor's report.

SPENCER COUNTY TOURISM COMMISSION, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and depreciation

Office furniture is recorded at cost or at estimated market value at the time of receipt in case of donated equipment. Depreciation is computed by the declining balance method over the estimated useful lives of the respective asset accounts as follows:

Leasehold Improvements	5-39 years
Furniture and Fixtures	5-10

Federal and State Income Taxes

The Commission is recognized as a nonprofit corporation under Section 501 of the Internal Revenue Code by both the state and federal taxing authorities. Therefore, no provision for federal or state income taxes is included in the financial statements. The Commission is other than a private foundation.

Property and Equipment

The costs and related accumulated depreciation of property and equipment consisted of the following as of December 31,

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 60,948	\$ 58,107
Less accumulated depreciation	<u>(50,415)</u>	<u>(46,717)</u>
Net carrying value	<u>\$ 10,533</u>	<u>\$ 11,390</u>

Depreciation charged to expense for the 12 months ended December 31, 2016 and 2015, was \$3,698 and \$5,054 respectively, computed on a declining balance.

Advertising

The Commission expenses all advertising costs when incurred.

Date of Management's Review

Management has evaluated subsequent events through June 22, 2017, date on which the financial statements were available to be issued.

See independent auditor's report.

SPENCER COUNTY TOURISM COMMISSION, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE 2: CONCENTRATIONS OF CREDIT RISK

The Commission maintains cash balances at one financial institution. Cash balances at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 in 2016 and 2015, respectively. The excess amounts at December 31, 2016 and 2015 are \$154,618 and \$114,650, respectively.

The majority of the Commission's revenue is generated from Spencer County's Innkeeper's tax. During the year's ended December 31, 2016 and 2015. The innkeeper's tax revenue represented 99% of total revenue.

NOTE 3: INCOME TAXES

There are no material tax positions taken by the corporation which require recognition or disclosure under the provisions of FASB ASC 740 (formerly Fin 48) "Accounting for Uncertainty in Income Taxes." The commission's federal and state information returns for all years after 2013 are subject to examination by taxing authorities.

NOTE 4: RETIREMENT PLAN

The Organization has adopted a Simple IRA retirement plan. The plan covers all full-time employees who meet a waiting period from their date of employment. The Organization's contribution is based on matching employees contributions up to five percent of employee's compensation. The Organization's contribution to the plan for the year ended December 31, 2016 and 2015 was \$4,526 and \$5,801, respectively.

See independent auditor's report.

SUPPLEMENTAL INFORMATION

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

SCHEDULES OF PROGRAM ACTIVITY -
MODIFIED CASH BASIS
For the Years Ended December 31,

	Visitors Bureau	Rest Stop	2016	2015
SUPPORT AND REVENUE				
Inn keeper tax	\$422,879	\$0	\$422,879	\$421,306
Interest	151	0	151	141
Total Support and Revenue	423,030	0	423,030	421,447
Expenses				
Wages	115,214	0	115,214	116,012
Depreciation	3,698	0	3,698	5,054
Advertising	80,581	0	80,581	58,765
Outreach	35,923	0	35,923	28,800
Postage/shipping	3,903	0	3,903	6,073
Promotional materials	2,056	0	2,056	3,008
Office supplies	2,645	0	2,645	3,467
Promotional events & projects	83,060	0	83,060	78,163
Internet/web services	3,794	0	3,794	1,244
Phone	2,810	0	2,810	2,904
Professional development	2,228	0	2,228	772
Meals/travel expense	10,670	0	10,670	7,105
Fees, dues & subscriptions	9,158	0	9,158	8,795
Contract labor	9,762	906	10,668	10,503
FICA tax expense	8,931	0	8,931	9,433
Employment taxes	434	0	434	971
Insurance	2,156	0	2,156	5,542
Pension plan	4,526	0	4,526	5,801
Miscellaneous	1,415	0	1,415	2,036
Total Expenses	382,964	906	383,870	354,448
 Increase (decrease) in Net Assets	 \$40,066	 (\$906)	 \$39,160	 \$66,999

See independent auditor's report.