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May 24, 2018

Board of Directors  
Wayne County Convention and Tourism Bureau, Inc.  
5701 National Road East  
Richmond, IN 47374

We have reviewed the report prepared by Wayne County Convention and Tourism Bureau, Inc. and opined upon by Webb & Associates, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Wayne County Convention and Tourism Bureau, Inc. as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Webb & Associates 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

**WAYNE COUNTY CONVENTION AND  
TOURISM BUREAU, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

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*Webb & Associates*  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Wayne County Convention and Tourism Bureau, Inc.

We have audited the accompanying financial statements of Wayne County Convention and Tourism Bureau, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. The financial statements of Wayne County Convention and Tourism Bureau, Inc. as of December 31, 2016, were audited by other auditors whose report dated March 19, 2017 gave an unqualified opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

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 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 misstatements 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 financial position of Wayne County Convention and Tourism Bureau, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**WEBB & ASSOCIATES**

February 9, 2018

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 30, 2017 and 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 240,869	\$ 236,752
Government Receivable	144,228	140,658
Inventory	15,288	17,431
Prepaid Expenses	1,744	2,572
	402,129	397,413
<b>FIXED ASSETS</b>		
Land & Building	874,885	874,885
Furniture and Fixtures	72,845	72,845
Interstate Signage	18,448	18,448
Vehicles	24,717	24,717
Electronic Marquee Sign	26,713	26,713
	1,017,608	1,017,608
Less: Accumulated Depreciation	(392,871)	(371,895)
	624,737	645,713
<b>TOTAL ASSETS</b>	<b>\$ 1,026,866</b>	<b>\$ 1,043,126</b>

**LIABILITIES AND NET ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 0	\$ 205
Sales Tax Payable	113	172
Current Portion of Long Term Debt	5,631	6,092
	5,744	6,469
<b>OTHER LIABILITIES</b>		
Note Payable	10,006	16,725
Less: Amounts Due Within One Year	(5,631)	(6,092)
	4,375	10,633
<b>TOTAL LIABILITIES</b>	10,119	17,102
<b>NET ASSETS</b>		
Unrestricted	1,016,747	1,026,024
<b>TOTAL NET ASSETS</b>	1,016,747	1,026,024
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,026,866</b>	<b>\$ 1,043,126</b>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUE</b>		
Appropriations	\$ 576,911	\$ 562,616
Gift Shop Sales, Net	(62)	(3,751)
Interest Income	60	88
Gain(Loss) on Disposal of Assets	0	(891)
	576,909	558,062
<b>ADMINISTRATIVE EXPENSES</b>		
Salaries	72,300	70,200
Outside Services	44,826	39,780
Travel and Mileage	2,599	2,640
Payroll Taxes	5,953	5,829
Office Supplies	9,181	12,608
Utilities	10,093	9,196
Legal and Accounting Fees	16,350	14,925
Insurance - Personnel	9,449	9,733
Telephone	3,532	3,309
Insurance - Business	7,772	6,914
Retirement	6,000	6,000
Office Equipment and Furniture	1,879	315
Depreciation	20,976	23,208
Interest	480	718
	211,390	205,375
<b>PROMOTION EXPENSES</b>		
Salaries	154,919	148,771
Convention and Tourism Marketing	91,975	74,122
Welcome Center Wages	11,063	10,744
Project Development	29,873	38,821
Postage and Freight	16,793	3,201
Payroll Taxes	15,003	14,435
Insurance - Personnel	19,117	16,188
Telephone	460	870
Volunteer Expenses	4,118	4,581
Retirement	15,000	15,000
Public Relations	4,453	5,708
Dues and Memberships	7,887	8,022
Out of Town Expenses	2,330	2,727
Source Publications	438	599
Miscellaneous	1,593	4,195
Training and Education	422	515
Printing and Duplication	(648)	5,267
	374,796	353,766
<b>TOTAL PROMOTION EXPENSES</b>	<b>374,796</b>	<b>353,766</b>
<b>TOTAL EXPENSES</b>	<b>586,186</b>	<b>559,141</b>
<b>DECREASE IN NET ASSETS</b>	<b>(9,277)</b>	<b>(1,079)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,026,024</b>	<b>1,027,103</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,016,747</b>	<b>\$ 1,026,024</b>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Decrease in Net Assets	\$ (9,277)	\$ (1,079)
<b>ADJUSTMENTS TO RECONCILE DECREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Depreciation	20,976	23,208
Loss on Disposal of Assets	0	891
Increase in Government Receivable	(3,570)	(6,908)
Decrease in Inventory	2,143	6,746
Decrease in Prepaid Expenses	828	331
Decrease in Accounts Payable	(205)	(624)
Decrease in Sales Tax Payable	(59)	(108)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>10,836</b>	<b>22,457</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Assets	0	(11,980)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>0</b>	<b>(11,980)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Decrease in Note Payable	(6,719)	(6,482)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(6,719)</b>	<b>(6,482)</b>
 INCREASE IN CASH	 4,117	 3,995
CASH BEGINNING OF YEAR	236,752	232,757
CASH END OF YEAR	\$ 240,869	\$ 236,752
 <b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest Paid	\$ 480	\$ 718

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #1 - Summary of Significant Accounting Policies**

**Nature of Operations**

Wayne County Convention and Tourism Bureau, Inc. (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 the 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 accordance with the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. SFAS No. 117 requires that the financial statements report information regarding its financial position and activities according to three classes of net assets:

1. Unrestricted - expendable funds for current operations.
2. Temporarily restricted - funds temporarily restricted as to program purpose or time restrictions by the donor. The Bureau does not have any temporarily restricted net assets.
3. Permanently restricted - funds restricted by the donor that stipulates resources be maintained permanently but permits the organization to use part or all of the income derived from the donated assets. The Bureau does not have any permanently restricted net assets.

**Cash**

Cash consists of bank deposits in federally insured accounts and petty cash.

**Property and Equipment**

The Bureau capitalizes all expenditures for equipment in excess of \$500 and a useful life of one year or longer. 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.

**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.

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #1 - Summary of Significant Accounting Policies (continued)**

**Income Taxes**

The Bureau is exempt from income taxes under Section 501(c)(6) of the U. S. Internal Revenue Code and is not considered to be a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2015, 2016 and 2017 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**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 \$374,796 and \$353,766 for the years ended December 31, 2017 and 2016, respectively.

**Inventories**

Inventory consists of Welcome Center retail items, brochures and excess office supplies stated at cost.

**Receivables and Payables**

Receivables and payables are shown in the statement of financial position. All are considered current.

**Prior Year Amounts**

The amounts shown for December 31, 2016 in the accompanying financial statements are presented to provide a basis for comparison with December 31, 2017.

**Note #2 – 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 total retirement contribution for each of the years ended December 31, 2017 and 2016 was \$21,000 and 21,000, respectively.

**Note #3 – 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 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 created by the Wayne County Innkeepers Tax enabling legislation, the financial impact on future cash flow of the Bureau is directly related.

**WAYNE COUNTY CONVENTION AND TOURISM BUREAU, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note #4 – Note Payable**

On April 21, 2015, the Bureau took out a promissory note with MainSource Bank for \$27,016 for the purchase of an electronic marquee sign. Monthly P & I is \$492. The interest rate is 3.49%. The maturity date is April 21, 2020. The outstanding balance as of December 31, 2017 and 2016 was \$10,006 and \$16,725 respectively.

Interest paid for the years ending December 31, 2017 and 2016, was \$480 and \$718, respectively.

Maturities over the next two years are as follows:

2018	\$5,631
2019	4,375

**Note #5 – Gift Shop Sales**

Gift shop sales consisted of the following:

	<u>2017</u>	<u>2016</u>
Sales	\$ 17,550	\$ 21,597
Cost of Goods Sold	(17,612)	(25,348)
	\$( <u>62</u> )	\$( <u>3,751</u> )

**Note #6 - Evaluation of Subsequent Events**

The Bureau has evaluated subsequent events through February 9, 2018, the date which the financial statements were available to be issued.