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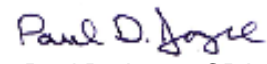
June 7, 2018

Board of Directors
Hendricks County 4-H and Agricultural Fair Association, Inc.
1900 East Main Street
Danville, IN 46122

We have reviewed the report prepared by Hendricks County 4-H and Agricultural Fair Association, Inc. and opined upon by Donovan CPAs, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Hendricks County 4-H and Agricultural Fair Association, 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, Donovan CPAs 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.


Paul D. Joyce, CPA
State Examiner

**HENDRICKS COUNTY 4-H AND AGRICULTURAL
FAIR ASSOCIATION, INC.**

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For The Years Ended December 31, 2017 and 2016



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Donovan CPAs

Independent Auditors' Report

To the Board of Directors and Management
Hendricks County 4-H and Agricultural Fair Association, Inc.

We have audited the accompanying financial statements of Hendricks County 4-H and Agricultural Fair Association, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and change in net assets, cash flows, and functional expenses 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 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 misstatement, whether due to fraud or error.

Auditors' 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 audits 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 auditors' 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 auditors consider 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hendricks County 4-H and Agricultural Fair Association, Inc. as of December 31, 2017 and 2016, and the changes in its net assets, cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DONOVAN

A handwritten signature in black ink that reads "DONOVAN". The signature is written in a cursive style with a large, stylized 'D'.

Avon, Indiana
April 16, 2018

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 465,146	\$ 452,549
Accounts receivable	-	5,000
	<hr/>	<hr/>
<i>Total current assets</i>	465,146	457,549
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT		
Buildings	881,788	880,488
Machinery and equipment	928,332	852,897
Land improvements	497,056	376,847
Less: accumulated depreciation	(1,501,505)	(1,426,150)
	<hr/>	<hr/>
<i>Property and equipment, net</i>	805,671	684,082
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,270,817	\$ 1,141,631
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 3,536	\$ 10,671
Deposits payable	29,590	28,940
Deferred revenue	30,000	40,000
	<hr/>	<hr/>
<i>Total current liabilities</i>	63,126	79,611
	<hr/>	<hr/>
NET ASSETS		
Unrestricted	1,197,886	1,052,215
Temporarily restricted	9,805	9,805
	<hr/>	<hr/>
<i>Total net assets</i>	1,207,691	1,062,020
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,270,817	\$ 1,141,631
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See independent auditors' report and accompanying notes to the financial statements

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended December 31, 2017

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total
<i>Support</i>			
Hendricks County appropriation	\$ 395,000	\$ -	\$ 395,000
Hendricks County innkeepers tax	246,157	-	246,157
Contributions and sponsorships	27,600	-	27,600
Memorial gifts	1,165	-	1,165
<i>Total support</i>	<u>669,922</u>	<u>-</u>	<u>669,922</u>
<i>Revenue</i>			
Fair revenue	353,639	-	353,639
Conference center rental revenue	198,936	-	198,936
Café revenue	75,185	-	75,185
Boat and storage rental fees	48,130	-	48,130
Camping fees	6,938	-	6,938
Interest income	552	-	552
Donation of Café assets	9,465	-	9,465
Miscellaneous income	27,366	-	27,366
<i>Total revenue</i>	<u>720,211</u>	<u>-</u>	<u>720,211</u>
<i>Total support and revenue</i>	<u>1,390,133</u>	<u>-</u>	<u>1,390,133</u>
EXPENSES			
<i>Program expenses</i>			
Fair expense	621,016	-	621,016
Facilities expense	401,720	-	401,720
Other program expenses	99,530	-	99,530
<i>Total program expenses</i>	<u>1,122,265</u>	<u>-</u>	<u>1,122,265</u>
General and administrative	79,384	-	79,384
Fundraising	42,813	-	42,813
<i>Total expenses</i>	<u>1,244,462</u>	<u>-</u>	<u>1,244,462</u>
CHANGE IN NET ASSETS	145,671	-	145,671
NET ASSETS, BEGINNING OF YEAR	<u>1,052,215</u>	<u>9,805</u>	<u>1,062,020</u>
NET ASSETS, END OF YEAR	<u>\$ 1,197,886</u>	<u>\$ 9,805</u>	<u>\$ 1,207,691</u>

See independent auditors' report and accompanying notes to the financial statements

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended December 31, 2016

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total
<i>Support</i>			
Hendricks County appropriation	\$ 395,000	\$ -	\$ 395,000
Hendricks County innkeepers tax	305,051	-	305,051
Contributions and sponsorships	38,430	-	38,430
Memorial gifts	900	-	900
Released from restrictions	9,000	(9,000)	-
<i>Total support</i>	748,381	(9,000)	739,381
<i>Revenue</i>			
Fair revenue	279,747	-	279,747
Conference center rental revenue	200,957	-	200,957
Boat and storage rental fees	47,810	-	47,810
Camping fees	42,159	-	42,159
Interest income	533	-	533
Miscellaneous income	22,124	-	22,124
<i>Total revenue</i>	593,330	-	593,330
<i>Total support and revenue</i>	1,341,711	(9,000)	1,332,711
EXPENSES			
<i>Program expenses</i>			
Fair expense	517,585	-	517,585
Facilities expense	410,682	-	410,682
Other program expenses	94,974	-	94,974
<i>Total program expenses</i>	1,023,241	-	1,023,241
General and administrative	81,210	-	81,210
Fundraising	44,962	-	44,962
<i>Total expenses</i>	1,149,413	-	1,149,413
CHANGE IN NET ASSETS	192,298	(9,000)	183,298
NET ASSETS, BEGINNING OF YEAR	859,917	18,805	878,722
NET ASSETS, END OF YEAR	<u>\$ 1,052,215</u>	<u>\$ 9,805</u>	<u>\$ 1,062,020</u>

See independent auditors' report and accompanying notes to the financial statements

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 145,671	\$ 183,298
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on sale of property and equipment	-	(14,305)
Depreciation expense	75,355	76,640
Changes in certain assets and liabilities:		
Accounts receivable	5,000	(5,000)
Accrued expenses	(7,135)	7,251
Deposits payable	650	(8,975)
Deferred revenue	(10,000)	40,000
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	209,541	278,909
INVESTING ACTIVITIES		
Purchases of property and equipment	(196,944)	(230,804)
	<hr/>	<hr/>
NET CHANGE IN CASH	12,597	48,105
CASH, BEGINNING OF YEAR	452,549	404,444
	<hr/>	<hr/>
CASH, END OF YEAR	<u>\$ 465,146</u>	<u>\$ 452,549</u>

See independent auditors' report and accompanying notes to the financial statements

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	Program Expenses				General and	Fundraising	Total
	Fair Expense	Facilities Expense	Other Program	Subtotal Program	Administrative		
Direct fair expenses	\$ 313,487	\$ -	\$ -	\$ 313,487	\$ -	\$ -	\$ 313,487
Salaries and wages	69,769	99,670	29,901	199,340	23,452	11,726	234,518
Utilities	48,495	69,279	20,784	138,558	16,301	8,150	163,009
Depreciation expense	22,418	32,026	9,608	64,052	7,536	3,768	75,355
Café expense	75,292	-	-	75,292	-	-	75,292
Equipment and rental	21,428	30,612	9,184	61,224	7,203	3,601	72,028
Insurance expense	18,208	26,011	7,803	52,022	6,120	3,060	61,202
Repairs and maintenance	15,756	22,508	6,752	45,016	-	-	45,016
Employee benefits	10,666	15,237	4,571	30,473	3,585	1,793	35,851
Janitorial and supplies	-	31,641	-	31,641	-	-	31,641
Contract services	8,314	11,877	3,563	23,754	2,795	1,397	27,946
Innkeepers expense	-	21,137	-	21,137	-	-	21,137
Payroll taxes	5,561	7,945	2,383	15,890	1,869	935	18,694
Grounds	-	17,175	-	17,175	-	-	17,175
Legal and professional	4,250	6,072	1,821	12,143	1,429	714	14,286
Board expense	-	-	-	-	4,364	4,364	8,727
Operations	-	-	-	-	2,277	2,277	4,554
Telephone	1,254	1,791	537	3,583	398	-	3,981
Miscellaneous	6,117	8,739	2,622	17,479	2,056	1,028	20,563
<i>Total functional expenses</i>	<u>\$ 621,016</u>	<u>\$ 401,720</u>	<u>\$ 99,530</u>	<u>\$ 1,122,265</u>	<u>\$ 79,384</u>	<u>\$ 42,813</u>	<u>\$ 1,244,462</u>

See independent auditors' report and accompanying notes to the financial statements

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	Program Expenses				General and	Fundraising	Total
	<u>Fair</u>	<u>Facilities</u>	<u>Other</u>	<u>Subtotal</u>	<u>Administrative</u>		<u>Total</u>
	<u>Expense</u>	<u>Expense</u>	<u>Program</u>	<u>Program</u>			
Direct fair expenses	\$ 295,978	\$ -	\$ -	\$ 295,978	\$ -	\$ -	\$ 295,978
Salaries and wages	73,237	104,624	31,387	209,249	24,618	12,309	246,175
Utilities	46,850	66,929	20,079	133,857	15,748	7,874	157,479
Depreciation expense	22,800	32,572	9,772	65,144	7,664	3,832	76,640
Equipment and rental	20,840	29,772	8,932	59,543	7,005	3,503	70,051
Insurance expense	18,061	25,802	7,741	51,604	6,071	3,036	60,710
Janitorial and supplies	-	46,151	-	46,151	-	-	46,151
Employee benefits	12,549	17,927	5,378	35,853	4,218	2,109	42,180
Innkeepers expense	-	30,136	-	30,136	-	-	30,136
Repairs and maintenance	7,335	10,478	3,143	20,956	-	-	20,956
Payroll taxes	5,737	8,196	2,459	16,391	1,928	964	19,284
Grounds	-	17,813	-	17,813	-	-	17,813
Legal and professional	4,051	5,787	1,736	11,574	1,362	681	13,616
Contract services	3,805	5,435	1,631	10,871	1,279	639	12,789
Board expense	-	-	-	-	4,918	4,918	9,836
Operations	-	-	-	-	4,298	4,298	8,595
Telephone	1,583	2,262	679	4,523	503	-	5,026
Computer expense	168	240	72	480	57	28	565
Miscellaneous	4,591	6,559	1,968	13,118	1,543	772	15,433
<i>Total functional expenses</i>	<u>\$ 517,585</u>	<u>\$ 410,682</u>	<u>\$ 94,974</u>	<u>\$ 1,023,241</u>	<u>\$ 81,210</u>	<u>\$ 44,962</u>	<u>\$ 1,149,413</u>

See independent auditors' report and accompanying notes to the financial statements

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Hendricks County 4-H and Agricultural Fair Association, Inc. (the “Association”) was formed in 1938 as a non-profit organization in Hendricks County, Indiana. The Association sponsors an annual fair and other activities in which youth learn agricultural, consumer, family, and home industries and other life skills. The Association also rents its facilities to other organizations, businesses, and clubs for a fee.

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition – The Association derives its support and revenue from several sources. Over 50% of total support and revenue is obtained from Hendricks County through appropriations and innkeepers tax allocations. Revenue is also earned through various events including the annual fair, conference center rental, boat and storage rental fees, and camping fees.

Basis of Presentation – The Association reports its financial position and activities according to three classes of net assets:

- unrestricted net assets, which include unrestricted resources that are available for the operating objectives of the Association;
- temporarily restricted net assets, which represent resources restricted by donors for specific purposes for which restrictions have not yet been met;
- permanently restricted net assets, which represent donated resources with stipulations that they be used for specific purpose, be preserved, or be invested to provide a permanent source of income.

In 2015, the Association received a donation from Hendricks County Community Foundation and conducted its own fundraiser to establish a fund, the proceeds of which are to be used to maintain and improve the Cartlidge Barn. The total of these restricted contributions was \$18,800, which were classified as temporarily restricted. As of December 31, 2017 and 2016, \$9,805 remained for this restricted purpose. The Association has no permanently restricted net assets.

Cash and Cash Equivalents – The Association considers all cash on hand, funds deposited at financial institutions, demand deposit accounts, money market funds and securities with original maturities of three months or less to be cash and cash equivalents for the statements of cash flows. There were no cash equivalents at December 31, 2017 or 2016.

Property and Equipment – Property and equipment is valued at historical cost and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. The Association capitalizes purchases of property and equipment that benefits future periods and exceeds \$1,000 in cost. The Association is in possession of certain assets owned by Hendricks County, as described in Note 2. These assets are not reflected in the financial statements.

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES, Continued

Taxes on Income – Hendricks County 4-H and Agricultural Fair Association, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the Association would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended December 31, 2017, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the Association to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Association has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2013 are open to audit for both federal and state purposes.

Contributed Goods and Services – A substantial number of unpaid volunteers have made significant contributions of their time to the Association's program services. The financial statements do not recognize the value of these donated services as they do not meet the recognition requirements under the Contributed Services topic of the Financial Accounting Standards Board Accounting Codification. However, the Association recognizes other non-cash contributions, including goods, property and equipment, at their estimated fair values at the date of donation.

Advertising – The Association expenses advertising costs as they are incurred. Total advertising expense for the years ended December 31, 2017 and 2016 was \$43,778 and \$44,063, respectively. Advertising expense is included in direct fair expenses and innkeepers expense on the statements of functional expenses.

Subsequent Events – The Association has evaluated all events to the financial statement date of December 31, 2017 through April 16, 2018, which is the date these financial statements were available to be issued, and have determined that there are no subsequent events that require disclosure under FASB Accounting Standards Codification Topic 855, *Subsequent Events*.

NOTE 2 - PROPERTY LEASE

The Association leases the fairgrounds property from Hendricks County, Indiana. The lease is a 50 year lease expiring on August 31, 2055. The lease terms require an annual payment of \$1. The Association prepaid the entire term of the lease in the amount of \$50 in 2005.

HENDRICKS COUNTY 4-H AND AGRICULTURAL FAIR ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

NOTE 3 - BENEFIT DAYS

The Association offers a certain number of benefit days to each of its employees. Employees earn benefit days at the rate of 9 days per year. The employee can carry over benefit days each year until a maximum accumulation of 36 days has been reached. Employees who resign due to permanent disability or retirement and have greater than 10 years of service shall be granted pay for accrued benefit days at a rate calculated based upon the years of service. No benefit days payout is currently accrued.

NOTE 4 - CARTLIDGE BARN

The Association received a non-cash contribution of the Cartlidge Barn in 2013. This historical barn stood in Hendricks County along a major highway for over 180 years and was relocated to the fairgrounds. The contributed value of the building was based on the fair market value at the date of donation including the cost to facilitate the relocation, reconstruction, and improvements.

As of December 31, 2017 and 2016, the Association had \$9,805 temporarily restricted for the purpose of maintaining and improving the Cartlidge Barn. No expenses were paid from these restricted funds in 2017 and \$9,000 were paid in 2016.

NOTE 5 - CAFÉ OPERATIONS

During the annual fair, various clubs and other organizations sell food and beverages to fair attendees from a building on the Associations' property under the name "The Café." Prior to 2017, the financial activity of the Café was recorded and reported by a separate entity. Beginning in 2017, the Association incorporated the financial activity of the Café with its own operations. This included the recording of a donation to the Association of approximately \$9,500, representing the cash balance transferred from the previous recordkeeping-entity, plus all the revenues and expenses of the Café occurring during the fair.

NOTE 6 - FUNCTIONAL EXPENSE REPORTING

Expenses are classified according to the functional purpose for which the costs are incurred. The cost of providing program and support services has been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.