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July 11, 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, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Spencer County Tourism Commission, 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, 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.

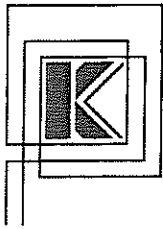
Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

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

**FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016**

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, 2017 and 2016, 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, 2017 and 2016 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.

Krueger & Associates, CPA's, LLC

Krueger & Associates, CPA's, LLC

Jasper, Indiana

June 6, 2018

SPENCER COUNTY TOURISM COMMISSION, INC.
Santa Claus, Indiana

EXHIBIT A

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

ASSETS	December 31	
	2017	2016
CURRENT ASSETS		
Cash - checking	\$5,338	\$5,102
Cash - money market	499,708	399,516
Security Deposit	200	200
Total Current Assets	505,246	404,818
PROPERTY AND EQUIPMENT		
Equipment	62,002	60,948
Less accumulated depreciation	(53,271)	(50,415)
Total property and equipment	8,731	10,533
TOTAL ASSETS	\$513,977	\$415,351
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued payroll taxes	\$3,024	\$3,002
TOTAL LIABILITIES	3,024	3,002
NET ASSETS		
Unrestricted		
Undesignated	510,953	412,349
TOTAL NET ASSETS	510,953	412,349
TOTAL LIABILITIES AND NET ASSETS	\$513,977	\$415,351

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,

	2017	2016
SUPPORT AND REVENUE		
Inn keeper tax	\$442,910	\$422,879
Grant funds	6,124	0
Miscellaneous	794	0
Interest	182	151
Total Support and Revenue	450,010	423,030
Expenses		
Wages	120,790	115,214
Depreciation	2,856	3,698
Advertising	49,386	80,581
Outreach	54,124	35,923
Postage/shipping	2,748	3,903
Promotional materials	2,240	2,056
Office supplies	2,935	2,645
Promotional events & projects	55,851	83,060
Internet/web services	8,956	3,794
Phone	2,917	2,810
Professional development	667	2,228
Meals/travel expense	8,267	10,670
Fees, dues & subscriptions	10,098	9,158
Contract labor	11,469	10,668
FICA tax expense	9,226	8,931
Employment taxes	358	434
Insurance	2,091	2,156
Pension plan	4,393	4,526
Miscellaneous	2,034	1,415
Total Expenses	351,406	383,870
Increase in Net Assets	98,604	39,160
Net assets - Beginning of year	412,349	373,189
Net assets - End of year	\$510,953	\$412,349

The accompanying notes are an integral part of the financial statements

SPENCER COUNTY TOURISM COMMISSION, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

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, 2017 and 2016

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>2017</u>	<u>2016</u>
Furniture and equipment	\$ 62,002	\$ 60,948
Less accumulated depreciation	<u>(53,271)</u>	<u>(50,415)</u>
Net carrying value	<u>\$ 8,731</u>	<u>\$ 10,533</u>

Depreciation charged to expense for the 12 months ended December 31, 2017 and 2016, was \$2,856 and \$3,698 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 6, 2018, 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, 2017 and 2016**

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 2017 and 2016, respectively. The excess amounts at December 31, 2017 and 2016 are \$255,083 and \$154,618, respectively.

The majority of the Commission's revenue is generated from Spencer County's Innkeeper's tax. During the year's ended December 31, 2017 and 2016. The innkeeper's tax revenue represented 98% 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 2014 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, 2017 and 2016 was \$4,393 and \$4,526, respectively.

See independent auditor's report.