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September 20, 2018

Board of Directors
Kosciusko County Convention and Visitors Bureau, Inc.
111 Capital Drive
Warsaw, IN 46580

We have reviewed the report prepared by Kosciusko County Convention and Visitors Bureau, Inc. and opined upon by Dahms & Yarian, Inc., 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 Kosciusko County Convention and Visitors 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, Dahms & Yarian, Inc. 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

KOSCIUSKO COUNTY CONVENTION AND
VISITORS BUREAU, INC.
Warsaw, Indiana

FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

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Dahms Yarian INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kosciusko County Convention and Visitors Bureau, Inc.
Warsaw, Indiana

We have audited the accompanying financial statements of Kosciusko County Convention and Visitors Bureau, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows 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.

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 financial position of Kosciusko County Convention and Visitors Bureau, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 6 and 7 are presented for purposes of additional analysis and are not a required part of the 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.

Dahms & Yarian, Inc.

Warsaw, Indiana
August 3, 2018

KOSCIUSKO COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 129,394	$ 127,828
Accounts receivable	1,250	2,370
Prepaid expenses	9,659	12,912
Total Current Assets	$ 140,303	$ 143,110
PROPERTY AND EQUIPMENT		
Land	$ 125,169	$ 125,169
Land improvements	31,875	34,442
Building	265,422	265,422
Office equipment	83,339	109,091
	$ 505,805	$ 534,124
Less: accumulated depreciation	238,204	252,480
Property and Equipment - Net	$ 267,601	$ 281,644
	$ 407,904	$ 424,754
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 5,845	$ 36,442
Accrued liabilities and expenses	7,899	9,715
Unearned revenue	82,872	86,261
Total Current Liabilities	$ 96,616	$ 132,418
NET ASSETS		
Unrestricted	$ 311,288	$ 292,336
	$ 407,904	$ 424,754

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

KOSCIUSKO COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF ACTIVITY
Years ended December 31, 2017 and 2016

	2017	2016
SUPPORT AND REVENUE		
Commission contract	$ 340,000	$ 233,996
Visitor guide	94,065	75,567
Other income	15,892	10,608
Interest	89	25
Total support and revenue	$ 450,046	$ 320,196
EXPENSES		
Program services	$ 286,584	$ 257,059
Management and general	144,510	135,046
Total expenses	$ 431,094	$ 392,105
CHANGE IN NET ASSETS	$ 18,952	$ (71,909)
NET ASSETS AT BEGINNING OF YEAR	292,336	364,245
NET ASSETS AT END OF YEAR	$ 311,288	$ 292,336

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

KOSCIUSKO COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2017

	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTAL
Salaries and wages	$ 53,885	$ 100,071	$ 153,956
Payroll tax expense	5,219	9,693	14,912
Total Salaries and Payroll Expenses	$ 59,104	$ 109,764	$ 168,868
Advertising	84,989	-0-	84,989
Bank charges	1,321	102	1,423
Computer support	13,628	-0-	13,628
Depreciation	3,746	11,237	14,983
Dues and subscriptions	4,050	460	4,510
Insurance	3,103	927	4,030
Miscellaneous	-0-	2,624	2,624
Leased equipment	-0-	3,404	3,404
Legal and accounting	-0-	8,342	8,342
Meals and entertainment	192	-0-	192
Meetings	1,185	-0-	1,185
Postage	1,756	310	2,066
Promotional	2,808	-0-	2,808
Property taxes	6	-0-	6
Publications and printing	77,328	-0-	77,328
Registrations	-0-	-0-	-0-
Repairs and maintenance	15,303	500	15,803
Special projects	6,322	-0-	6,322
Supplies	1,352	2,028	3,380
Telephone	6,190	-0-	6,190
Training	-0-	623	623
Travel	2,878	222	3,100
Utilities	1,322	3,967	5,289
Loss on disposal	1	-0-	1
Total Expenses	$ 286,584	$ 144,510	$ 431,094

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

KOSCIUSKO COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2016

	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTAL
Salaries and wages	$ 50,798	$ 94,338	$ 145,136
Payroll tax expense	3,686	6,846	10,532
Total Salaries and Payroll Expenses	$ 54,484	$ 101,184	$ 155,668
Advertising	68,459	88	68,547
Bank charges	-0-	478	478
Computer support	6,957	-0-	6,957
Depreciation	2,359	7,077	9,436
Dues and subscriptions	6,793	-0-	6,793
Insurance	4,009	1,208	5,217
Interest	97	290	387
Leased equipment	-0-	1,763	1,763
Legal and accounting	-0-	8,061	8,061
Meals and entertainment	395	-0-	395
Meetings	862	-0-	862
Postage	10,513	1,848	12,361
Promotional	5,058	-0-	5,058
Property taxes	13	-0-	13
Publications and printing	52,522	389	52,911
Registrations	50	-0-	50
Repairs and maintenance	10,855	500	11,355
Special projects	14,202	-0-	14,202
Supplies	2,589	3,831	6,420
Telephone	7,065	-0-	7,065
Training	-0-	3,233	3,233
Travel	5,982	521	6,503
Utilities	1,525	4,575	6,100
Website maintenance	2,270	-0-	2,270
Total Expenses	$ 257,059	$ 135,046	$ 392,105

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

KOSCIUSKO COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF CASH FLOWS
Years ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 18,952	$ (71,909)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,983	9,436
(Gain)/loss on asset disposal	1	-0-
(Increase) decrease in:		
Accounts receivable	1,120	54,364
Prepaid expenses	3,253	32,511
Increase (decrease) in:		
Accounts payable	(30,597)	(8,910)
Accrued liabilities and expenses	(1,816)	1,632
Unearned revenue	(3,389)	10,495
Net Cash Provided by Operating Activities	$ 2,507	$ 27,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	$ (941)	$ (21,241)
Net Cash Provided (Used) by Investing Activities	$ (941)	$ (21,241)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bank loans	$ -0-	$ (13,641)
Net Cash Provided (Used) by Financing Activities	$ -0-	$ (13,641)
NET CASH PROVIDED (USED)	$ 1,566	$ (7,263)
CASH AT BEGINNING OF YEAR	127,828	135,091
CASH AT END OF YEAR	$ 129,394	$ 127,828
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	$ -0-	$ 387

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

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity – The Kosciusko County Convention and Visitors Bureau, Inc. (the Organization) is a not-for-profit corporation formed under Indiana law pursuant to Articles of Incorporation, on April 8, 1987. The Kosciusko County Convention and Visitors Bureau, Inc. was formed for the promotion and creation of tourism in Kosciusko County by maintaining a climate to attract conventions and visitors to Kosciusko County and by providing recreational facilities. The primary source of revenue is from the Innkeeper's Tax, which is provided through the Kosciusko County Convention, Recreation, and Visitor's Commission.

Basis of Accounting – The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded when liabilities are incurred.

Basis of Presentation – The financial statements have been prepared in accordance with FASB 958, which requires, among other things, that the financial statements report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Donor-imposed restrictions are reported as unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized.

Temporarily restricted – Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by passage of time. At December 31, 2017 and 2016, there were no temporarily restricted net assets.

Permanently restricted – Net assets include amounts whose use is limited by donor-imposed restrictions which stipulate that resources be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets for either unrestricted or temporarily restricted purposes. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted. At December 31, 2017 and 2016, there were no permanently restricted net assets.

Cash and Cash Equivalents – For the purpose of reporting cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Unearned Revenue – Accounts receivable are due from businesses advertising in the Visitors Guide. Based on historical collection experience with these businesses, no allowance for doubtful accounts is considered necessary. Unearned Revenue is the business advertising associated with the Visitors Guide. Revenues from the advertising are earned when the Guide is distributed.

Property and Equipment – Fixed assets are stated at cost or, if donated, at fair value at the date of the gift. Items with a cost or value of $1,000 or more and a useful life of one year or more are capitalized. The Organization follows the policy of providing depreciation on the straight-line and declining balance methods for financial reporting purposes over the estimated useful lives of the assets as follows:

Assets	Years
Building	15-39
Land Improvements	15
Equipment	3-10
Website Design	3

Depreciation – Depreciation expense totaled $14,983 and $9,436 for the years ended December 31, 2017 and 2016, respectively.

The carrying value of long lived assets is reviewed annually to determine if facts and circumstances suggest that the assets may be impaired or that the useful life may need to be changed. The Organization considers internal and external factors relating to each asset in making this determination. If these factors and the projected undiscounted cash flows of the business over the remaining useful life indicate that the asset will not be recoverable, the carrying value will be adjusted to the estimated fair value.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code on its business income related to its exempt purposes. The Organization has not been classified by the Internal Revenue Service as a private foundation.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes. This standard 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 Organization 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 positon. The tax benefits that could be recognized in the financial statements from such positions would be measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued) –

At December 31, 2017 and 2016, there were no unrecognized tax benefits identified or recorded as liabilities. The Organization files Form 990 and the related State of Indiana return, and remains subject to examination by the Internal Revenue Service for the most recent three years.

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 the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, and changes in net assets during the reporting period. Actual results could differ from those estimates.

Donated Services – A substantial number of volunteers donate significant amounts of time in providing the Organization's services. No amounts have been recognized in the financial statements for these services because the criteria for recognition of such volunteer effort as contributed services has not been satisfied.

Advertising – Advertising costs are charged to operations as incurred. Total advertising costs expense during the years ended December 31, 2017 and 2016 was $84,989 and $68,547, respectively.

NOTE B – CONCENTRATIONS

The Organization received 76% and 73% of its support and revenues from the Kosciusko County Innkeepers Tax as of December 31, 2017 and 2016, respectively.

NOTE C – EMPLOYEE BENEFITS

The Organization supplements the salary of full-time employees by contributing to a personal retirement plan. Employees must be employed three consecutive years to be eligible to participate. Supplemental payments are based on a board approved amount, plus applicable taxes. Supplemental payments made by the Organization totaled $3,544 and $3,000 for the years ended December 31, 2017 and 2016, respectively.

NOTE D – SUBSEQUENT EVENTS

The Organization evaluated all events or transactions that occurred after December 31, 2017 up through August 3, 2018, which is the date the financial statements were available to be issued. During this period, management has determined that the Organization did not have any material recognizable or disclosable subsequent events.

NOTE E – COMMITMENTS

The Organization entered into a contract in November, 2001 with an annual term for an advertisement in the 80/90 Toll Road Directory. The contract has been renewed each year with annual terms. The annual expense under this contract totaled $1,465 and $1,465 for 2017 and 2016, respectively. The contract has been renewed for 2018.

The Organization entered into a contract in July, 2011 for an advertisement in a state travel guide and a directory listing. The contract had a term of 36 months. The contract was renewed in July 2014 with a term of 36 months. In 2017, the contract term changed to 12 months and was renewed for both 2017 and 2018. The annual expense under this contract totaled $2,580 and $2,280 for the years ended December 31, 2017 and 2016, respectively.

The Organization enters into a contract in August of each year to participate in a regional marketing program. The contract has a term of 12 months. The annual expense under this contract totaled $41,000 and $43,250 for 2017 and 2016, respectively. The contract has been renewed for 2018.

The Organization entered into a contract in August, 2017 with a regional marketing program for a discounted customer relations management software. The contract has a term of 12 months. The annual expense under this contract totaled $4,500 for 2017. The contract has been renewed for 2018.

Future minimum contract payments for the above contracts are as follows:

2018	$ 53,110

NOTE F – LEASES

The Organization entered into an operating lease agreement in 2015 for a postage meter. The lease has a term of sixty months expiring July, 2020. Rental expense under this lease was $696 and $696 for the years ended December 31, 2017 and 2016, respectively.

The Organization entered into an operating lease agreement in 2016 for a multi-function copier for an initial term of twelve months expiring February 2017. The lease has a year to year renewal term and has been renewed thru February, 2019. Rental expense under this lease was $1,100 and $1,067 for the years ended December 31, 2017 and 2016, respectively.

Future minimum rental payments are as follows:

2018	$ 1,796