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October 21, 2021

Board of Directors
LaPorte County Convention & Visitors Bureau
4073 S. Franklin St.
Michigan City, IN 46360

We have reviewed the audit report of LaPorte County Convention & Visitors Bureau, which was opined upon by Applegate & Company, PC, Independent Public Accountants, for the period January 1, 2019 to December 31, 2019. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of LaPorte County Convention & Visitors Bureau as of December 31, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Applegate & Company, PC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

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

LAPORTE COUNTY CONVENTION &
VISITORS BUREAU
Michigan City, Indiana

ANNUAL REPORT
December 31, 2019

CONTENTS

REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS 1

FINANCIAL STATEMENTS

Statements of Revenues Collected, Expenses Paid,
and Net Assets - Modified Cash Basis 3

Statements of Assets, Liabilities and Net Assets -
Modified Cash Basis 4

Statements of Functional Expenses Paid 5

Notes to the Financial Statements 6

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REPORT OF INDEPENDENT AUDITORS

**Board of Managers
LaPorte County Convention & Visitors Bureau
Michigan City, Indiana**

We have audited the accompanying financial statements of LaPorte County Convention & Visitors Bureau (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2019 and 2018, and the related statements of revenues collected, functional expenses paid, and net assets - modified cash basis and functional expenses paid 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 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 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 assets, liabilities, and net assets of LaPorte County Convention & Visitors Bureau as of December 31, 2019 and 2018, and its revenues collected and expenses paid 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 this matter.


APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
November 19, 2020

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

STATEMENTS OF REVENUES COLLECTED, EXPENSES PAID, AND NET ASSETS -
MODIFIED CASH BASIS

For the years ended December 31, 2019 and 2018

	<u>2 0 1 9</u>	<u>% To</u> <u>Total</u>	<u>2 0 1 8</u>	<u>% To</u> <u>Total</u>
	<u>Amount</u>	<u>Revenues</u>	<u>Amount</u>	<u>Revenues</u>
<u>REVENUES COLLECTED</u>				
Innkeepers tax	\$1,494,910	75.43%	\$1,343,137	74.33%
Gaming tax	338,879	17.10	324,188	17.94
Distribution services revenue	45,895	2.32	49,031	2.71
Special events revenue	86,059	4.34	81,325	4.50
Retail store revenue	3,411	.17	6,098	.34
Interest revenue	8		9	
Miscellaneous revenue	12,638	.64	3,313	.18
Total revenues	<u>1,981,800</u>	<u>100.00</u>	<u>1,807,101</u>	<u>100.00</u>
<u>EXPENSES PAID (NOTE 3)</u>				
Program service expenses	1,220,900	61.60	1,171,082	64.80
General and administrative	627,596	31.67	572,935	31.71
Total operating expenses	<u>1,848,496</u>	<u>93.27</u>	<u>1,744,017</u>	<u>96.51</u>
<u>OTHER INCOME/ (EXPENSE)</u>				
Gain on sale of equipment			800	.04
Interest expense	(5,628)	(.28)	(3,875)	(.21)
Net other	(5,628)	(.28)	(3,075)	(.17)
<u>EXCESS OF REVENUE COLLECTED OVER EXPENSES PAID</u>				
	127,676	<u>6.45%</u>	60,009	<u>3.32%</u>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR (NOTE 1)</u>				
	<u>878,242</u>		<u>818,233</u>	
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR (NOTE 1)</u>				
	<u>\$1,005,918</u>		<u>\$ 878,242</u>	

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

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2019 and 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 992,947	\$861,835
Employee receivable	4,030	4,290
Prepays	466	
Total current assets	<u>997,443</u>	<u>866,125</u>
<u>PROPERTY AND EQUIPMENT (Note 1)</u>		
Leasehold improvements	57,873	57,873
Office furnishings and equipment	68,995	68,995
Vehicles	144,366	144,366
Total cost	271,234	271,234
Accumulated depreciation	(194,427)	(172,669)
Net property and equipment	<u>76,807</u>	<u>98,565</u>
<u>OTHER ASSETS</u>		
Security deposit	8,000	8,000
Total other assets	<u>8,000</u>	<u>8,000</u>
Total assets	<u>\$1,082,250</u>	<u>\$972,690</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of capital lease obligation (Note 6)	\$ 4,126	\$ 3,753
Current portion of note payable (Note 10)	15,055	14,196
Payroll liabilities	1,554	1,621
United Way payable	100	100
Sales tax payable	179	327
Total current liabilities	<u>21,014</u>	<u>19,997</u>
<u>LONG-TERM LIABILITIES</u>		
Capital lease obligation (Note 6)	6,146	10,271
Note payable (Note 10)	49,172	64,180
Total long-term liabilities	<u>55,318</u>	<u>74,451</u>
<u>NET ASSETS (NOTE 1)</u>		
Net assets - without donor restrictions	<u>1,005,918</u>	<u>878,242</u>
Total liabilities and net assets	<u>\$1,082,250</u>	<u>\$972,690</u>

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

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

STATEMENTS OF FUNCTIONAL EXPENSES PAID
For the years ended December 31, 2019 and 2018

	<u>2019</u>			<u>2018</u>		
	<u>Program</u>	<u>Supporting Services</u>	<u>Total</u>	<u>Program</u>	<u>Supporting Services</u>	<u>Total</u>
	<u>Services</u>	<u>General and</u>	<u>Expenses</u>	<u>Services</u>	<u>Administrative</u>	<u>Expenses</u>
Salaries and wages	\$ 376,358	\$193,882	\$ 570,240	\$ 374,895	\$193,128	\$ 568,023
Payroll taxes	30,149	15,531	45,680	30,848	15,892	46,740
Group insurance	122,462	63,086	185,548	103,732	53,438	157,170
Employer retirement expense	28,971	4,716	33,687	37,781	6,148	43,929
Printing expense	18,819		18,819	21,712		21,712
Research and development	15,374		15,374	7,050		7,050
Advertising expense	118,867		118,867	158,704		158,704
Sponsorship expense	112,529		112,529	72,095		72,095
Distribution expense	1,353		1,353	5,264		5,264
Technology expense	20,333		20,333	21,842		21,842
Advocacy expense	37,733		37,733	45,624		45,624
Special event activities expense	332,200		332,200	285,162		285,162
Retail store cost of goods sold	1,336		1,336	2,749		2,749
Training	4,416	1,104	5,520	3,624	906	4,530
Rent expense		60,282	60,282		54,024	54,024
Dues and subscriptions		33,090	33,090		17,885	17,885
Depreciation		21,758	21,758		14,744	14,744
Seminar expense		311	311		2,639	2,639
Office supplies		15,251	15,251		3,204	3,204
Lease expense		3,836	3,836		3,977	3,977
Utilities		17,727	17,727		16,141	16,141
Telephone		9,638	9,638		9,402	9,402
Small tools and supplies		4,564	4,564		8,525	8,525
Postage		3,468	3,468		6,536	6,536
Maintenance and repairs		20,155	20,155		25,204	25,204
Insurance		17,987	17,987		16,570	16,570
Professional services		83,968	83,968		69,605	69,605
Travel		55,168	55,168		51,606	51,606
Charges and fees		2,074	2,074		3,361	3,361
Total functional expenses	<u>\$1,220,900</u>	<u>\$627,596</u>	<u>\$1,848,496</u>	<u>\$1,171,082</u>	<u>\$572,935</u>	<u>\$1,744,017</u>

The accompanying notes are an integral part of these financial statements.
See independent accountants' review report.

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITY - LaPorte County Convention & Visitors Bureau is a not-for-profit organization located in LaPorte County, Indiana. The Bureau promotes tourism and provides information on current events in LaPorte County. The Bureau receives most of its revenue from the local innkeepers tax and gaming tax.

ACCOUNTING METHOD - The records of the LaPorte County Convention & Visitors Bureau are maintained on a modified cash basis of accounting. Under this method of accounting, with the exception of recording depreciation, transactions are recorded only as cash is received or disbursed. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

FINANCIAL STATEMENT PRESENTATION - The Bureau uses Accounting Standards Codification, "Financial Statements of Not-for-Profit Organizations" which requires the Bureau to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Bureau. These

- Continued -

LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

net assets may be used at the discretion of the Bureau's management and the board of directors.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Bureau or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.
- Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions in the statements of revenues collected, expenses paid, and net assets - modified cash basis.

PROPERTY AND EQUIPMENT - Leasehold improvements, office furnishings, equipment, and vehicles are stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Depreciation is computed according to estimated useful lives of the respective assets on the straight-line method as follows:

Leasehold improvements	31-1/2	-	39 years
Office equipment and furnishings	5	-	10 years
Vehicles	5		years

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When properties are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation and any resultant gains or losses are credited or charged to income.

Depreciation expense was \$21,758 and \$14,744 for the years ended December 31, 2019 and 2018, respectively.

IN-KIND DONATIONS - The Bureau receives a significant amount of support in the form of goods and services from donors in connection with its fundraising activities. The modified cash basis of accounting does not require that these in-kind contributions be recognized. Accordingly, these financial statements do not reflect these contributions. If these contributions were recorded, revenues would increase by the fair market value of the contributions.

USE OF 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the valuation of investments. Actual results could differ from those estimates.

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING PRONOUNCEMENT - On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*, which is effective for years beginning after December 15, 2017. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied to all periods presented.

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following represents the Bureau's financial assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash	\$992,947	\$861,835
Employee receivable	4,030	4,290
Prepays	<u>466</u>	<u> </u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$997,443</u>	<u>\$866,125</u>

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019 and 2018

NOTE 3 - FUNCTIONAL EXPENSES PAID

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses paid. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bureau has a number of financial instruments, none of which are held for trading purposes. The Bureau estimates that the fair value of all financial instruments at December 31, 2019 and 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of assets, liabilities and net assets - modified cash basis. The estimated amounts have been determined by the Bureau using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Bureau could realize in a current market exchange.

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019 and 2018

NOTE 5 - INCOME TAXES

The Bureau is a not-for-profit corporation that is exempt from federal and state income tax under Section 501(c)(6) of the Internal Revenue Code and a similar section of the state income tax law. The Bureau has unrelated business income from souvenir sales. No provision has been made for income tax as the Bureau anticipates the associated expenses will exceed revenues.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification "Accounting for Uncertainty in Income Taxes," that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Bureau's income tax returns. The Bureau has adopted the Standard. The Bureau evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2019, the Bureau does not believe that it has taken any tax positions that would require the recording of any tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Bureau's income tax returns are subject to examination by the appropriate taxing jurisdictions and the open tax years are 2016-2019.

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019 and 2018

NOTE 6 - CAPITAL LEASE

The Bureau leases three copiers from Great America Leasing Corporation under a capital lease. The economic substance of the lease is that the Bureau is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Bureau's assets and liabilities.

The following is a schedule of future minimum rentals under the lease at December 31, 2019:

2020	\$ 4,126
2021	4,535
2022	<u>1,611</u>
Total	<u>\$10,272</u>

NOTE 7 - DEFINED CONTRIBUTION PLAN

The Bureau contributed to a defined contribution plan administered by Putnam Fiduciary Trust for the years ended December 31, 2019 and 2018. For each qualifying employee who elects to contribute a minimum \$10 per pay period of his or her salary, the Bureau will, in turn, contribute an amount equal to 5% of his or her wages. The Bureau's defined contribution plan expense for the years ended December 31, 2019 and 2018 was \$33,687 and \$43,929, respectively.

The Bureau also has the option to contribute an additional 3%, at year end, of the employees wages to the defined contributions plan.

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

NOTE 8 - COMMITMENTS

On October 30, 2017, the Bureau signed a new five-year lease agreement with Marquette Mall Properties, LTD. The lease began January 1, 2018 with monthly payments of \$4,502. There will be an increase of 3% per year in the rent payments for the term of the lease.

The following is a schedule of future minimum rentals under the lease at December 31, 2019:

2020	\$ 57,315
2021	59,035
2022	60,805
Total	<u>\$177,155</u>

The rent expense for the years ended December 31, 2019 and 2018 was \$60,282 and \$54,024, respectively.

NOTE 9 - RECLASSIFICATIONS

In 2019, program service expenses which were previously shown as fundraising expenses in the 2018 statements of functional expenses were reclassified as program service expenses pursuant to ASU 2016-14, Not-For-profit Entities (Topic 958) - *Presentation of Financial Statements of Not-For-Profit Entities*.

Program Services	\$ 332,563
Fundraising	\$(332,563)

The revised allocation method is on the basis of estimates of time and effort. The method allocates certain expenses attributable to one

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019 and 2018

or more programs and supporting functions for 2019. Those expenses include:

Salaries and wages
Payroll tax
Group insurance
Employer retirement expense
Special event activities expense

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

The Bureau maintains its cash balances in a local financial institution. At December 31, 2019, the Bureau's cash balances totaled \$992,947. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The remaining balance was insured by the state of Indiana's Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

NOTE 11 - NOTE PAYABLE

A schedule of the Bureau's note payable at December 31, 2019 and 2018 and the current maturity thereof follows:

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019 and 2018

NOTE 11 - NOTE PAYABLE (Continued)

<u>Payee/ (Security)</u>	<u>Interest Rate</u>	<u>Terms</u>	<u>2019</u>	<u>2018</u>
Horizon Bank/ (vehicle)	5.05%	\$603 per month including interest due 11/21	\$13,190	\$19,577
Horizon Bank/ (vehicle)	5.85%	\$920 per month including interest due 05/25	51,037	58,799
			<u>64,227</u>	<u>78,376</u>
Less Current Maturity			<u>(15,055)</u>	<u>(14,196)</u>
Net Long-Term Note Payable			<u>\$49,172</u>	<u>\$64,180</u>

Long-term note payable matures as follows:

2020	\$15,055
2021	15,246
2022	9,303
2023	9,860
2024	10,449
Thereafter	<u>4,314</u>
Total	<u>\$64,227</u>

NOTE 12 - SUBSEQUENT EVENTS

The Bureau has evaluated subsequent events through November 19, 2020, which is the date the financial statements were available for issuance.

In December 2019, a novel strain of the coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on

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LAPORTE COUNTY CONVENTION & VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019 and 2018

NOTE 12 - SUBSEQUENT EVENTS (Continued)

January 30, 2020. The operations and business results of the Bureau could be materially adversely affected. The extent to which the coronavirus may impact Bureau business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

The Bureau received a loan under the Payroll Protection Program (PPP) from the Small Business Administration (SBA) due to the stay-at-home executive order issued by the Indiana Governor. The total of the loan was \$184,970 and was received to ensure the staff was paid during the stay-at-home order. Going forward, part of this loan may be forgiven, based on future developments, and part may be required to be repaid to the SBA. The amounts forgiven and repaid are uncertain and cannot be estimated at this time and could have a material effect on the financial statements. The Bureau also received an Economic Disaster Loan from the Small Business Administration (SBA) due to the effects of the Coronavirus. The total loan was \$10,000 and received to ensure business operations continue.

There are no material subsequent events that required recognition or additional disclosure in these financial statements, except as noted above.