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November 23, 2009

Board of Directors
Anderson/Madison County Visitors
and Convention Bureau, Inc.
6335 S. Scatterfield Rd.
Anderson, IN 46013

We have reviewed the audit report prepared by Stewart, Peck & Hueston, LLP, Independent Public Accountants, for the period January 1, 2006 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Anderson/Madison County Visitors and Convention Bureau, Inc., as of December 31, 2007 and 2006, and the results of its operations for the periods then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**Anderson/Madison County Visitors and
Convention Bureau, Inc.**
Anderson, Indiana

Financial Statements
December 31, 2007 and 2006

Table of Contents

Page No.

INDEPENDENT AUDITORS' REPORT

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

1

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES
AND CHANGES IN NET ASSETS-MODIFIED CASH BASIS

2

STATEMENTS OF CASH FLOWS-MODIFIED CASH BASIS

3

NOTES TO FINANCIAL STATEMENTS

4 - 7



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Anderson/Madison County
Visitors and Convention Bureau, Inc.
Anderson, Indiana

We have audited the accompanying statements of assets, liabilities and net assets - modified cash basis of Anderson/Madison County Visitors and Convention Bureau, Inc. (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of support, revenue and expenses and changes in net assets - modified cash basis and cash flows-modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Anderson/Madison County Visitors and Convention Bureau, Inc. as of December 31, 2007 and 2006, and its support, revenue, and expenses and changes in net assets, and cash flows for the years then ended in conformity with the basis of accounting described in Note 2.

STEWART, PECK & HUESTON, LLP

October 24, 2008

Anderson/Madison County Visitors and Convention Bureau, Inc.
Statements of Assets, Liabilities, and Net Assets - (Modified Cash Basis)
December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 35,157	\$ 33,026
Investments	15,214	12,973
Total Current Assets	<u>\$ 50,371</u>	<u>\$ 45,999</u>
PROPERTY AND EQUIPMENT		
Land and Improvements	\$ 4,500	\$ 4,500
Buildings and Improvements	779,944	779,944
Furniture and Equipment	107,927	98,297
Transportation Equipment	32,259	12,359
	<u>\$ 924,630</u>	<u>\$ 895,100</u>
Less: Accumulated Depreciation	<u>(274,637)</u>	<u>(250,642)</u>
Net Property and Equipment	<u>\$ 649,993</u>	<u>\$ 644,458</u>
TOTAL ASSETS	<u>\$ 700,364</u>	<u>\$ 690,457</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current Portion of Long Term Debt	\$ 26,471	\$ 24,322
Accrued Payroll Tax Liabilities	3,933	3,658
Total Current Liabilities	<u>\$ 30,404</u>	<u>\$ 27,980</u>
LONG TERM LIABILITIES		
Long Term Debt	\$ 438,688	\$ 460,358
Less: Current Portion of Long Term Debt	<u>(26,471)</u>	<u>(24,322)</u>
Total Long Term Liabilities	<u>\$ 412,217</u>	<u>\$ 436,036</u>
Total Liabilities	<u>\$ 442,621</u>	<u>\$ 464,016</u>
NET ASSETS		
Unrestricted Net Assets	\$ 257,743	\$ 226,441
Temporarily Restricted Net Assets	-	-
Permanently Restricted Net Assets	-	-
TOTAL NET ASSETS	<u>\$ 257,743</u>	<u>\$ 226,441</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 700,364</u>	<u>\$ 690,457</u>

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

Anderson/Madison County Visitors and Convention Bureau, Inc.
Statements of Support, Revenue and Expenses and Changes
In Net Assets - (Modified Cash Basis)
For the Years ended December 31, 2007 and 2006

	2007			2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds
<u>PUBLIC SUPPORT AND REVENUE</u>							
Public Support:							
Commission Contract	\$ 380,000	\$ 19,900	\$ -	\$ 380,000	\$ -	\$ -	\$ 380,000
	\$ 380,000	\$ 19,900	\$ -	\$ 380,000	\$ -	\$ -	\$ 380,000
Revenue:							
Membership Dues	\$ 2,320	\$ -	\$ -	\$ 1,925	\$ -	\$ -	\$ 1,925
Dividend Income	199	-	-	-	-	-	-
Unrealized gain/(loss) on investments	2,241	-	-	2,491	-	-	2,491
	\$ 4,760	\$ -	\$ -	\$ 4,416	\$ -	\$ -	\$ 4,416
Net Assets Released From Restrictions	\$ 19,900	\$ (19,900)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Support and Revenue	\$ 404,660	\$ -	\$ -	\$ 384,416	\$ -	\$ -	\$ 384,416
<u>EXPENSES</u>							
Program Expenses:							
Promotions	\$ 206,892	\$ -	\$ -	\$ 208,967	\$ -	\$ -	\$ 208,967
Operations	116,015	-	-	112,973	-	-	112,973
	\$ 322,907	\$ -	\$ -	\$ 321,940	\$ -	\$ -	\$ 321,940
Supporting Services:							
Management and General Fund Raising	\$ 50,451	\$ -	\$ -	\$ 55,175	\$ -	\$ -	\$ 55,175
Total Supporting Services	50,451	-	-	55,175	-	-	55,175
Total Expenses	\$ 373,358	\$ -	\$ -	\$ 377,115	\$ -	\$ -	\$ 377,115
<u>CHANGE IN NET ASSETS</u>	\$ 31,302	\$ -	\$ -	\$ 7,301	\$ -	\$ -	\$ 7,301
<u>NET ASSETS - BEGINNING OF YEAR</u>	226,441	-	-	208,658	-	-	208,658
<u>PRIOR PERIOD ADJUSTMENT - omission prior to 2006</u>	-	-	-	10,482	-	-	10,482
<u>NET ASSETS - END OF YEAR</u>	\$ 257,743	\$ -	\$ -	\$ 226,441	\$ -	\$ -	\$ 226,441

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

Anderson/Madison County Visitors and Convention Bureau, Inc.
Statements of Cash Flows - (Modified Cash Basis)
For the Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>CASH FLOW FROM OPERATIONS</u>		
Change in net assets	\$ 31,302	\$ 7,301
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	23,995	25,684
(Increase) decrease in fair value of investments	(2,241)	(2,491)
Changes in working capital accounts:		
Accrued liabilities	<u>275</u>	<u>122</u>
Net cash provided (used) by operating activities	<u>\$ 53,331</u>	<u>\$ 30,616</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>\$ (29,530)</u>	<u>\$ (2,041)</u>
Net cash provided (used) by investing activities	<u>\$ (29,530)</u>	<u>\$ (2,041)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Principal payments on long-term debt	<u>\$ (21,670)</u>	<u>\$ (19,880)</u>
Net cash provided (used) by financing activities	<u>\$ (21,670)</u>	<u>\$ (19,880)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	\$ 2,131	\$ 8,695
<u>CASH AT BEGINNING OF YEAR</u>	<u>33,026</u>	<u>24,331</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 35,157</u>	<u>\$ 33,026</u>

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

Anderson/Madison County Visitors and Convention Bureau, Inc.

Notes to Financial Statements

1. Description of Organization

The Anderson/Madison County Visitors and Convention Bureau, Inc. (the Bureau), a not-for-profit organization, was incorporated in Indiana in 1982, to serve as the working body of the Anderson/Madison County Visitors and Convention Commission (the Commission). The Bureau's function is to promote Anderson and Madison County to visitors and potential conventions, meetings, and sporting events. The main revenue source for the Bureau is an annual funding agreement with the Commission. The Commission receives funds from the Madison County 5% Innkeeper's Tax, levied pursuant to Madison County Ordinance 2-0-82.

2. Summary of Significant Accounting Policies

Basis of Accounting - The Bureau's financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting different from generally accepted accounting principles. Revenues and expenses of the Bureau are recognized on the basis of cash receipts and disbursements. Accordingly, revenue is recorded when it is received, rather than when it is earned. Similarly, expenses are recognized when paid, instead of when the obligation is incurred.

General - The Bureau reports gifts of cash and other assets as 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. All contributions are considered available for unrestricted use, unless specifically restricted by the donor.

Donated Material and Services - Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Bureau's program services and management.

Property and Equipment - The Bureau follows the practice of capitalizing all expenditures for land, buildings and equipment; the fair value of donated property is similarly capitalized. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

Taxes - The Bureau is exempt from income tax under Section 501(c)(6) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the code. The Bureau has been classified as a publicly supported organization that is not a private foundation under Section 590(a) of the Internal Revenue Code.

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.

Fair Value - The estimated fair values of the corporation's financial instruments are as follows:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Cash	35,158	35,158	33,026	33,026
Investments	5,436	15,214	5,237	12,973
Long-term debt	438,688	438,688	460,358	460,358

Anderson/Madison County Visitors and Convention Bureau, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies - continued

Functional Classification - Expenses are classified according to the functional area to which they primarily relate. Wages are allocated based on estimates of time spent on various activities. The functional areas used to classify expenses are as follows:

<i>Promotions</i>	This functional area is charged with expenses directly identifiable and related to specific events, projects and activities that promote visitors and conventions in Madison County.
<i>Operations</i>	This functional area is charged with all expenses not directly chargeable to Promotion or Administrative categories. Expenses relating to both the managerial administration and promotions are reflected in this category.
<i>Administrative</i>	This functional area is charged with staff compensation not allocated to promotions, related payroll taxes and fringe benefits, interest expense, outside accounting services and the costs of the Bureau's annual meeting.

3. Investments

Investments consist of corporate stock, are stated at fair value based on quoted market prices in active markets, and are summarized below at December 31, 2007 and 2006:

	2007		
	Cost	Fair Value	Unrealized Appreciation
Equities	5,436	15,214	9,778
	2006		
	Cost	Fair Value	Unrealized Appreciation
Equities	5,237	12,973	7,736

Components of investment income are disclosed on the statement of activities.

4. Land, Building and Equipment

Depreciation expense for the years ended December 31, 2007 and 2006 was \$23,995 and \$25,685, respectively.

Anderson/Madison County Visitors and Convention Bureau, Inc.

Notes to Financial Statements

5. Long Term Debt

Long term debt as of December 31, 2007 and 2006 is summarized as follows:

	2007	2006
A \$575,000 note payable to National City Bank Indiana. The 8.5% fixed rate loan dated June 15, 1999, requires monthly payments of \$5,040 through June 15, 2009 with a balloon payment due at that time. The note is secured by real estate of the Bureau.	\$ 438,688	\$ 460,358
	\$ 438,688	\$ 460,358

Maturities of long-term debt are as follows:

Year Ended December 31	
2008	\$ 26,471
2009	412,217
	\$ 438,688

6. Permanently Restricted Assets/Endowment Fund

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable. No permanently restricted net assets are currently held by the Bureau.

7. Temporarily Restricted Assets

Temporarily restricted net assets are occasionally received and are held as such until they are released from their restrictions by incurring expenses satisfying the explicit intent of the restriction indicated by the donors. During 2007 a special allocation was received from the Commission to purchase a vehicle. The vehicle was purchased and the funds were thereby released from a restricted status. No such situations occurred during the year ended December 31, 2006.

8. Retirement Plan

The Bureau has a simplified employee pension plan that covers substantially all employees. The plan covers all employees who are 21 years of age or older and who have completed 6 months of service. The annual contribution is 10% of the eligible employee's compensation. Contributions to the retirement plan totaled \$15,553 and \$15,055 in 2007 and 2006, respectively.

9. Funding Agreement

Under the 2007 funding agreement with the Commission, the Bureau is to receive \$380,000 in regular allocations and an additional \$19,900 in a special commission allocation.

Anderson/Madison County Visitors and Convention Bureau, Inc.

Notes to Financial Statements

10. Statement of Cash Flows Supplemental Information

For the purpose of the statements of cash flows, the Bureau considers all highly liquid instruments with maturities of three months or less, to be cash equivalents.

The Bureau paid in cash the following amounts for interest and federal income tax:

	<u>2007</u>	<u>2006</u>
Interest	\$ 38,811	\$ 40,600
Income taxes	\$ 0	\$ 0

11. Prior period adjustment

The accompanying financial statements for 2006 have been restated to correct an error made in 2001. The error resulted from not recording the receipt of 221 shares of Principal Financial Group stock as a result of the company's demutualization. The effect of the restatement was to increase the change in net assets for 2006 by \$2,491. Net assets at the beginning of 2006 has been adjusted for the effects of the restatement on prior years.