

**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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November 24, 2009

Board of Directors  
The Convention and Visitors Bureau  
of Monroe County, Inc.  
2855 N. Walnut St.  
Bloomington, IN 47448

We have reviewed the audit report prepared by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2007 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 Convention and Visitors Bureau of Monroe County, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

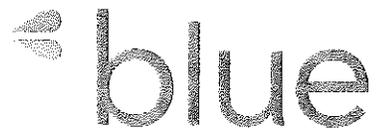
The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**THE CONVENTION AND VISITORS BUREAU OF  
MONROE COUNTY, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
(MODIFIED CASH BASIS)  
DECEMBER 31, 2007 AND 2006**

*CPAs / ADVISORS*



# THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

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## REPORT OF INDEPENDENT AUDITORS

The Board of Directors  
The Convention and Visitors Bureau of Monroe County, Inc.  
Bloomington, Indiana

We have audited the accompanying statements of financial position – modified cash basis of The Convention and Visitors Bureau of Monroe County, Inc., as of December 31, 2007 and 2006, and the related statements of activities – modified cash basis and cash flows – modified cash basis for the years then ended. These financial statements are the responsibility of The Convention and Visitors Bureau of Monroe County, Inc.'s management. 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Convention and Visitors Bureau of Monroe County, Inc., as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended on the basis of accounting described in Note 1.

*Blue & Co., LLC*

March 20, 2008

# THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

## STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS DECEMBER 31, 2007 AND 2006

### ASSETS

	<u>2007</u>	<u>2006</u>
Cash	\$ 7,445	\$ -0-
Inventory	10,645	7,238
Restricted cash	<u>150,929</u>	<u>167,179</u>
	<u>\$ 169,019</u>	<u>\$ 174,417</u>

### LIABILITIES AND NET ASSETS

#### Liabilities

Line of credit	\$ -0-	\$ 56,175
Payroll withholdings	7,229	-0-
Sales taxes payable	<u>131</u>	<u>78</u>
Total liabilities	7,360	56,253

#### Net assets

Unrestricted net assets (deficit)	10,730	(59,071)
Temporarily restricted net assets	<u>150,929</u>	<u>177,235</u>
Total net assets	<u>161,659</u>	<u>118,164</u>
	<u>\$ 169,019</u>	<u>\$ 174,417</u>

See accompanying notes to financial statements.

# THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

## STATEMENTS OF ACTIVITIES – MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2007 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2006)

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenues and support</b>				
Commission	\$ 903,150	\$ -0-	\$ 903,150	\$ 769,800
Contributions	33,052	-0-	33,052	52,355
Retail sales	14,537	-0-	14,537	7,213
Visitors guide ad sales	143,267	-0-	143,267	131,146
Sports income	3,863	-0-	3,863	5,600
Interest income	5,933	-0-	5,933	2,630
Miscellaneous	9,263	-0-	9,263	13,209
Net assets released from restrictions	<u>26,306</u>	<u>(26,306)</u>	<u>-0-</u>	<u>-0-</u>
<b>Total revenues and support</b>	<b>1,139,371</b>	<b>(26,306)</b>	<b>1,113,065</b>	<b>981,953</b>
<b>Expenses</b>				
Convention and promotion	360,589	-0-	360,589	361,426
Tourism development	489,515	-0-	489,515	463,628
Management and general	<u>219,466</u>	<u>-0-</u>	<u>219,466</u>	<u>237,270</u>
<b>Total expenses</b>	<b>1,069,570</b>	<b>-0-</b>	<b>1,069,570</b>	<b>1,062,324</b>
 Change in net assets	 69,801	 (26,306)	 43,495	 (80,371)
<b>Net assets (deficit), beginning of year</b>	<u>(59,071)</u>	<u>177,235</u>	<u>118,164</u>	<u>198,535</u>
 <b>Net assets, end of year</b>	 <u>\$ 10,730</u>	 <u>\$ 150,929</u>	 <u>\$ 161,659</u>	 <u>\$ 118,164</u>

*See accompanying notes to financial statements.*

# THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

## STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2006

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and support</b>			
Commission	\$ 769,800	\$ -0-	\$ 769,800
Contributions	48,355	4,000	52,355
Retail sales	7,213	-0-	7,213
Visitors guide ad sales	131,146	-0-	131,146
Sports income	5,600	-0-	5,600
Interest income	2,630	-0-	2,630
Miscellaneous	13,209	-0-	13,209
Net assets released from restrictions	16,604	(16,604)	-0-
Total revenues and support	994,557	(12,604)	981,953
<b>Expenses</b>			
Convention and promotion	361,426	-0-	361,426
Tourism development	463,628	-0-	463,628
Management and general	237,270	-0-	237,270
Total expenses	1,062,324	-0-	1,062,324
Change in net assets	(67,767)	(12,604)	(80,371)
<b>Net assets, beginning of year</b>	8,696	189,839	198,535
<b>Net assets (deficit), end of year</b>	\$ (59,071)	\$ 177,235	\$ 118,164

*See accompanying notes to financial statements.*

# THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

## STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
<b>Operating activities</b>		
Change in net assets	\$ 43,495	\$ (80,371)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Inventory	(3,407)	(2,180)
Payroll withholdings	7,229	-0-
Sales taxes payable	53	(3)
Net cash flows from operating activities	47,370	(82,554)
<b>Investing activities</b>		
Change in restricted cash	16,250	22,660
<b>Financing activities</b>		
Net borrowings (repayments) on line of credit	(56,175)	56,175
Net change in cash	7,445	(3,719)
<b>Cash, beginning of year</b>	-0-	3,719
<b>Cash, end of year</b>	\$ 7,445	\$ -0-
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 2,148	\$ 1,610

*See accompanying notes to financial statements.*

# THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

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### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

The Convention and Visitors Bureau of Monroe County, Inc. ("the Organization") is a not-for-profit organization whose principal activities are to promote conventions, trade shows, tourism and special events principally in Monroe County. The Organization's revenues and other support are derived principally from an annual renewable contract with the Monroe County Convention and Visitors Commission (the "Commission"), a governmental body. Under the terms of the contract, the Commission pays a portion of the funds collected from the Monroe County Innkeeper's tax to the Organization. The funds must be used by the Organization for administration and to fulfill its principal activities.

#### Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. The basis differs from accounting principles generally accepted in the United States of America primarily because revenues are recognized when received rather than when earned, expenses are recognized when cash is disbursed rather than when the obligation is incurred, and purchases of property and equipment are expensed versus being capitalized; however, the recording of inventory is included.

#### Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with their basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

#### Inventory

Inventory consists of retail merchandise that pertains to Monroe County, Indiana. Inventory is stated at the lower of cost or market. Cost of retail merchandise is determined using the first-in, first-out (FIFO) method.

#### Property and Equipment

The Commission advances funds to the Organization for the purchase of property and equipment. These funds are recorded as revenue. The Organization's purchases of property and equipment are expensed in the period of purchase. Ownership of the purchased assets is ultimately retained by the Commission.

# THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

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### Restricted Cash

Restricted cash includes monies received for the Wayfinder Sign program at December 31, 2007 and 2006.

### Basis of Presentation

Net assets and revenues, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions relating to a stipulated purpose or a specified time. 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 Statements of Activities as net assets released from restrictions.

### Advertising Costs

Advertising costs are charged to operations when the cash is disbursed and totaled \$129,703 and \$114,040 for the years ended December 31, 2007 and 2006, respectively.

### Expense Allocation

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

### Income Taxes

The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to income tax on any unrelated business taxable income.

### Reclassifications

Certain prior year amounts have been reclassified herein to conform to the current method of presentation.

# THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

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### 2. LINE OF CREDIT

The Organization has a revolving, unsecured line-of-credit agreement with a bank in the amount of \$100,000, which carries an interest rate of prime and matures on October 30, 2008. The applicable interest rate at December 31, 2007 was 7.25 percent. The Organization had borrowings outstanding under this agreement at December 31, 2007 and 2006, of \$0 and \$56,175, respectively.

### 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Designated purpose restrictions related to:		
Wayfinding program	\$ 150,929	\$ 173,381
Indiana Heritage Limestone program	<u>-0-</u>	<u>3,854</u>
	<u>\$ 150,929</u>	<u>\$ 177,235</u>

Temporarily restricted net assets released from restrictions due to the satisfaction of purpose restrictions were as follows during the years December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Wayfinding program	\$ 22,452	\$ 16,458
Indiana Heritage Limestone program	<u>3,854</u>	<u>146</u>
	<u>\$ 26,306</u>	<u>\$ 16,604</u>

### 4. OPERATING LEASES

Noncancellable operating leases for various items of equipment expire in various years through November 2012. These leases generally require the Organization to pay all executory costs (property taxes, maintenance and insurance). Rental expense for all operating leases for the years ended December 31, 2007 and 2006 was \$25,341 and \$35,724, respectively.