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September 20, 2023

Board of Directors
Fort Wayne/Allen County Convention and Visitors Bureau, Inc.
d/b/a Visit Fort Wayne and Affiliate
927 S. Harrison St., Suite 101
Fort Wayne, IN 46802

We have reviewed the audit report of Fort Wayne/Allen County Convention and Visitors Bureau, Inc. d/b/a Visit Fort Wayne and Affiliate which was opined upon by Baden, Gage & Schroeder, LLC, Independent Public Accountants, for the period January 1, 2019 to December 31, 2020. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of Fort Wayne/Allen County Convention and Visitors Bureau, Inc. d/b/a Visit Fort Wayne and Affiliate as of December 31, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Baden, Gage & Schroeder, LLC prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

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


Tammy White, CPA
Deputy State Examiner

Consolidated Financial Statements

**Fort Wayne/Allen County
Convention and Visitors Bureau, Inc.
dba: Visit Fort Wayne and Affiliate**

December 31, 2020 and 2019

***FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE AND AFFILIATE***



***Consolidated Financial Statements
December 31, 2020 and 2019***

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Certified Public Accountants • Business Consultants

Independent Auditors' Report

The Board of Directors

Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne and Affiliate
Fort Wayne, Indiana

We have audited the accompanying consolidated financial statements of Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne (a nonprofit organization) and affiliate, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne and affiliate as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Baden, Gage & Schroeder, LLC".

BADEN, GAGE & SCHROEDER, LLC

Fort Wayne, Indiana
June 7, 2021

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE AND AFFILIATE**



**Consolidated Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 876,352	\$ 438,281
Accounts receivable - industry partner advertising	-	83,645
Accounts receivable - other	9,386	10,100
Investments	310,771	585,633
Prepaid expenses and other assets	44,141	92,548
Total Current Assets	1,240,650	1,210,207
PROPERTY AND EQUIPMENT		
General equipment	88,686	88,968
Computers and equipment	156,859	154,044
Leasehold improvements	277,060	206,883
Furniture and fixtures	118,401	113,019
	641,006	562,914
Less: Accumulated depreciation	495,883	448,036
Net Property and Equipment	145,123	114,878
TOTAL ASSETS	\$ 1,385,773	\$ 1,325,085
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accrued liabilities	\$ 19,188	\$ 22,971
Accrued paid absences	82,758	80,179
Deferred revenue - industry partner advertising	-	184,898
Deferred revenue - program	7,800	9,600
Total Current Liabilities	109,746	297,648
NET ASSETS		
Without donor restrictions	1,260,777	1,027,437
With donor restrictions	15,250	-
Total Net Assets	1,276,027	1,027,437
TOTAL LIABILITIES AND NET ASSETS	\$ 1,385,773	\$ 1,325,085

See Notes to Consolidated Financial Statements.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE AND AFFILIATE**



**Consolidated Statement of Activities
Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Room tax revenue	\$ 1,794,806	\$ -	\$ 1,794,806
Grants and contributions	82,656	35,000	117,656
Industry partner advertising revenue	222,305	-	222,305
Program revenue	30,750	-	30,750
Merchandise sales	25,033	-	25,033
Interest	52	-	52
Loss on disposal of property and equipment	(7,091)	-	(7,091)
Investment return	18,724	-	18,724
Other	5,030	-	5,030
Net assets released from restrictions	<u>19,750</u>	<u>(19,750)</u>	<u>-</u>
Total Revenues	2,192,015	15,250	2,207,265
EXPENSES			
Program services	1,442,000	-	1,442,000
Management and general	516,436	-	516,436
Fundraising	<u>239</u>	<u>-</u>	<u>239</u>
Total Expenses	<u>1,958,675</u>	<u>-</u>	<u>1,958,675</u>
CHANGE IN NET ASSETS	233,340	15,250	248,590
NET ASSETS, BEGINNING OF YEAR	<u>1,027,437</u>	<u>-</u>	<u>1,027,437</u>
NET ASSETS, END OF YEAR	<u>\$ 1,260,777</u>	<u>\$ 15,250</u>	<u>\$ 1,276,027</u>

See Notes to Consolidated Financial Statements.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE AND AFFILIATE**



**Consolidated Statement of Activities
Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Room tax revenue	\$ 1,877,667	\$ -	\$ 1,877,667
Grants and contributions	42,229	35,000	77,229
Industry partner advertising revenue	258,433	-	258,433
Program revenue	34,700	-	34,700
Merchandise sales	35,137	-	35,137
Interest	45	-	45
Loss on disposal of property and equipment	(5,466)	-	(5,466)
Investment return	37,497	-	37,497
Other	5,373	-	5,373
Net assets released from restrictions	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
Total Revenues	2,320,615	-	2,320,615
EXPENSES			
Program services	1,756,842	-	1,756,842
Management and general	613,062	-	613,062
Fundraising	<u>190</u>	<u>-</u>	<u>190</u>
Total Expenses	<u>2,370,094</u>	<u>-</u>	<u>2,370,094</u>
CHANGE IN NET ASSETS	(49,479)	-	(49,479)
NET ASSETS, BEGINNING OF YEAR	<u>1,076,916</u>	<u>-</u>	<u>1,076,916</u>
NET ASSETS, END OF YEAR	<u>\$ 1,027,437</u>	<u>\$ -</u>	<u>\$ 1,027,437</u>

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE AND AFFILIATE**



**Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 248,590	\$ (49,479)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and amortization	56,497	61,920
Amortization of premium on investments	2,035	2,495
Unrealized gain on investments	(5,174)	(21,453)
Loss on disposal of property and equipment	7,091	5,466
Bad debt expense	2,350	6,100
(Increase) Decrease in Assets:		
Accounts receivable - industry partner advertising	81,295	(32,154)
Accounts receivable - other	714	(2,569)
Prepaid expenses and other assets	48,407	(31,874)
Increase (Decrease) in Liabilities:		
Accrued liabilities	(3,783)	(6,784)
Accrued paid absences	2,579	33,517
Deferred revenue - industry partner advertising	(184,898)	(5,675)
Deferred revenue - program	<u>(1,800)</u>	<u>3,750</u>
Net Cash Provided By (Used In) Operating Activities	253,903	(36,740)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(93,832)	(50,952)
Purchase of investments	-	(253,820)
Proceeds from sales of investments	<u>278,000</u>	<u>330,000</u>
Net Cash Provided By Investing Activities	<u>184,168</u>	<u>25,228</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	438,071	(11,512)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>438,281</u>	<u>449,793</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 876,352</u>	<u>\$ 438,281</u>

See Notes to Consolidated Financial Statements.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE AND AFFILIATE**



**Consolidated Statement of Functional Expenses
Year Ended December 31, 2020**

	<u>Program Services</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
Personnel expenses				
Salaries and wages	\$ 656,755	\$ 193,521	\$ 239	\$ 850,515
Payroll taxes and employee benefits	<u>216,524</u>	<u>73,754</u>	-	<u>290,278</u>
Total Personnel Expenses	873,279	267,275	239	1,140,793
Promotion and Marketing Expenses				
Advertising - media	86,120	-	-	86,120
Advertising - print	12,050	67,754	-	79,804
Advertising - website	220,021	-	-	220,021
Community relations	18,098	-	-	18,098
Event hosting	27,975	-	-	27,975
Family tours and site visits	483	941	-	1,424
Industry partner program	-	3,475	-	3,475
Merchandise - resale	-	14,406	-	14,406
Promotional giveaways	7,480	799	-	8,279
Research	30,929	6,800	-	37,729
Trade show participation	25,126	-	-	25,126
Travel and entertainment	<u>18,970</u>	<u>4,072</u>	-	<u>23,042</u>
Total Promotion and Marketing Expenses	447,252	98,247	-	545,499
Operating Expenses				
Bad debt expense	-	2,350	-	2,350
Depreciation and amortization	6,681	49,816	-	56,497
Dues and subscriptions	15,104	4,387	-	19,491
Equipment improvements	3,637	-	-	3,637
Insurance - general	1,366	7,662	-	9,028
Miscellaneous	-	16,323	-	16,323
Office supplies and photocopying	4,482	4,481	-	8,963
Postage	14,652	1,628	-	16,280
Professional fees	15,045	(7,807)	-	7,238
Rent	41,830	41,829	-	83,659
Repairs and maintenance	5,297	4,635	-	9,932
Technology services	6,781	19,017	-	25,798
Telecommunications	<u>6,594</u>	<u>6,593</u>	-	<u>13,187</u>
Total Operating Expenses	<u>121,469</u>	<u>150,914</u>	-	<u>272,383</u>
Total Expenses	<u>\$ 1,442,000</u>	<u>\$ 516,436</u>	<u>\$ 239</u>	<u>\$ 1,958,675</u>

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE AND AFFILIATE**



**Consolidated Statement of Functional Expenses
Year Ended December 31, 2019**

	<u>Program Services</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
Personnel expenses				
Salaries and wages	\$ 691,841	\$ 188,119	\$ 190	\$ 880,150
Payroll taxes and employee benefits	<u>215,807</u>	<u>93,311</u>	-	<u>309,118</u>
Total Personnel Expenses	907,648	281,430	190	1,189,268
Promotion and Marketing Expenses				
Advertising - media	237,382	-	-	237,382
Advertising - print	29,053	71,652	-	100,705
Advertising - website	144,205	-	-	144,205
Community relations	20,746	-	-	20,746
Event hosting	112,411	-	-	112,411
Family tours and site visits	7,016	54	-	7,070
Industry partner program	2,089	1,695	-	3,784
Merchandise - resale	-	23,126	-	23,126
Promotional giveaways	10,798	1,110	-	11,908
Research	12,625	10,360	-	22,985
Trade show participation	44,865	-	-	44,865
Travel and entertainment	<u>57,168</u>	<u>10,242</u>	-	<u>67,410</u>
Total Promotion and Marketing Expenses	678,358	118,239	-	796,597
Operating Expenses				
Bad debt expense	-	6,100	-	6,100
Depreciation and amortization	8,017	53,903	-	61,920
Dues and subscriptions	16,165	4,820	-	20,985
Equipment improvements	47,852	-	-	47,852
Insurance - general	1,402	7,494	-	8,896
Miscellaneous	-	12,643	-	12,643
Office supplies and photocopying	8,448	8,447	-	16,895
Postage	24,904	2,767	-	27,671
Professional fees	-	48,938	-	48,938
Rent	41,822	41,822	-	83,644
Repairs and maintenance	4,322	3,790	-	8,112
Technology services	12,992	17,757	-	30,749
Telecommunications	<u>4,912</u>	<u>4,912</u>	-	<u>9,824</u>
Total Operating Expenses	<u>170,836</u>	<u>213,393</u>	-	<u>384,229</u>
Total Expenses	<u>\$ 1,756,842</u>	<u>\$ 613,062</u>	<u>\$ 190</u>	<u>\$ 2,370,094</u>

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE AND AFFILIATE**



**Notes to Consolidated Financial Statements
December 31, 2020 and 2019**

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities:

The Fort Wayne/Allen County Convention and Visitors Bureau, Inc. dba: Visit Fort Wayne (Visit Fort Wayne) and Visit Fort Wayne Foundation, Inc. (Affiliate) are nonprofit organizations. The accompanying consolidated financial statements include the accounts of both entities (Organization). All significant inter-organization accounts and transactions have been eliminated in consolidation.

Visit Fort Wayne's major source of revenue is approximately 38% of a hotel room tax levied in Allen County Indiana and collected by the State under the Indiana Revenue Code IC 6-9-18. Other significant sources of revenue include grants, contributions and advertising revenue collected from local businesses interested in promoting tourism. Marketing and sales programs are conducted to attract visitors to the convention and tourism facilities in the area in order to derive the economic and social benefits of a prosperous tourism industry. Visit Fort Wayne's goal is to enhance the area's image as a destination for conventions, trade shows and leisure trips. The Organization is governed by a board of directors comprised of appointees by the Mayor of Fort Wayne, the Commissioners of Allen County, The Fort Wayne/Allen County Convention and Tourism Authority (Grand Wayne Center) and the Allen County War Memorial Coliseum (Coliseum), as well as volunteer representatives from the hospitality industry and business community at large.

Visit Fort Wayne Foundation, Inc. is a nonprofit organization formed for the purpose of providing resources to conduct educational programs that convey the value of tourism.

Basis of Accounting:

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are those that are not subject to donor-imposed restrictions and may be used at the discretion of management to support the Organization's purposes and operations. Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of Estimates:

The preparation of the Organization's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has not provided an allowance for doubtful accounts because the estimate of any loss has been deemed immaterial to the financial statements. The accounts receivable balance was \$9,386, \$93,745 and \$32,953 at December 31, 2020, 2019 and 2018, respectively.

Investments:

Investments are recorded at fair market value. Both unrealized and realized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statements of activities, net of investment expenses.

Property and Equipment:

Expenditures in excess of \$1,000 for major additions and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Purchases of property and equipment are stated at cost and are being depreciated using the straight-line method of depreciation over the estimated useful lives of the assets as follows:

General equipment	3 - 5 years
Computers and equipment	3 - 5 years
Leasehold improvements	3 - 10 years
Furniture and fixtures	3 - 5 years

Depreciation expense for the years ended December 31, 2020 and 2019, was \$56,497 and \$61,920, respectively.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Deferred Revenue:

Revenue from industry partner advertising is deferred and recognized over the periods to which the marketing and promotions relate. Deferred program revenue is recognized at the time the event takes place.

Revenue Recognition:

Revenue from sales is recognized under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), when performance obligations under the terms of a contract with the customer have been satisfied and control has transferred to the customer. Revenue is measured based on the consideration specified in each contract and excludes any sales incentives. Taxes assessed by governmental agencies that are paid by the customer and collected by the Organization are excluded from revenue.

Industry partner advertising is deferred and recognized as revenue over time on a straight-line basis, amortized over the applicable promotion and marketing period, twelve months or less. The promotion year coincides with the Organization's fiscal year. The Organization does not have any significant financing components. Program revenue consists of sponsorships and other event revenue with no contribution component. Cash received prior to these events occurring is deferred and recognized at the time the event takes place.

Revenue generated from merchandise sales is recognized upon sale of the items. Ownership of the goods and associated revenue are transferred to customers at a point in time, generally when payment is received from the customer and the customer takes possession of the merchandise or, for online sales, upon shipment of a product to the customer. Visit Fort Wayne does not have any significant financing components, as payment is received at the time of sale. No performance obligations remain after customer takes possession of merchandise or after shipment of a product purchased online. Shipping and handling costs, considered a fulfillment cost billed to customers, are included in merchandise sales, while costs of shipping are included in merchandise - resale in the statements of functional expenses. Visit Fort Wayne also monitors the amount of merchandise returns and reduces revenue at the time merchandise is returned. The sale policy provides a right of return for most items to the customer which begins at the point of sale and expires at the end of thirty days. A return allows a customer to receive a cash refund in the amount of the selling price of the goods being returned. Management has not provided an allowance for the amount of future returns as the estimate of any loss is deemed to be immaterial to the financial statements.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue Recognition (continued):

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Performance obligations satisfied at a point in time	\$ 60,813	\$ 75,210	\$ 60,151
Performance obligations satisfied over time	<u>222,305</u>	<u>258,433</u>	<u>259,671</u>
Total revenue from contracts with customers	283,118	333,643	319,822
Revenue from other sources	<u>1,924,147</u>	<u>1,986,972</u>	<u>1,816,239</u>
Total revenues	<u>\$ 2,207,265</u>	<u>\$ 2,320,615</u>	<u>\$ 2,136,061</u>

Contract liabilities consist of deferred revenue related to industry partner advertising and program revenue at December 31, 2020, 2019 and 2018.

The Organization follows ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) in determining whether transactions should be recorded as a contribution or as an exchange transaction. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization had no conditional promises to give at December 31, 2020 and 2019.

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished) net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Room tax revenue is collected by the State of Indiana and granted to Visit Fort Wayne by the Allen County Capital Improvements Board. Visit Fort Wayne recognizes the revenue in the month it is granted and received.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In-Kind Contributions:

In addition to receiving cash contributions, the Organization receives in-kind contributions of assets and services from various donors. It is the policy of the Organization to record the estimated fair values of qualified in-kind donations as expenses or capital assets in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2020 and 2019, \$11,595 and \$36,164 was recorded as advertising expense and contribution revenue in-kind, respectively.

Functional Allocation of Expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, along with related taxes and benefits, are allocated using several different methods including time studies, percentage of budgeted expenses, and percent of total employees. The expenses associated with occupying or maintaining the leased facilities, such as rent, depreciation of leasehold improvements, repairs and maintenance, and insurance are allocated based on the square footage of space occupied by each program and supporting service. Dues and subscriptions, professional fees, office supplies and photocopying, postage, technology services and other operating expenses are allocated based on staff payroll or estimated usage.

Advertising Costs:

Advertising costs are charged to operations when incurred and are included in total expenses. The amounts charged in 2020 and 2019 were \$385,945 and \$482,292, respectively.

Income Taxes:

Visit Fort Wayne is incorporated in the State of Indiana as a 501(c)(6) organization and Visit Fort Wayne Foundation, Inc. is incorporated in the State of Indiana as a 501(c)(3) organization. Therefore, they are exempt from federal and state taxes. No provision for income taxes is included in these financial statements.

**FORT WAYNE/ALLEN COUNTY CONVENTION
AND VISITORS BUREAU, INC.
DBA: VISIT FORT WAYNE**



Notes to Consolidated Financial Statements (Continued)
December 31, 2020 and 2019

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income Taxes (continued):

The accounting standard that provides guidance on accounting for uncertainty in income taxes 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 position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2020. The Organization is generally no longer subject to examination by the Internal Revenue Service for years prior to 2017.

Recently Issued Accounting Standards:

Adopted Pronouncements:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The standard requires an entity to recognize revenue in a manner that depicts the transfer of goods or services (performance obligations) to customers at an amount that reflects the consideration to which the entity expects to be entitled to receive. The Organization adopted this standard on January 1, 2019, using the modified retrospective method of adoption applied to all contracts at that date. Adoption of the ASU did not require an adjustment to the opening balance of net assets. The standard did not have a significant effect on the Organization's results of operations or financial position in 2019.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605). The standard assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The Organization adopted this standard on January 1, 2019, using the modified prospective method of adoption applied to all agreements not completed or entered into as of the effective date of December 15, 2018. The standard did not have a significant effect on the Organization's results of operations or financial position in 2019.

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Notes to Consolidated Financial Statements (Continued)
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Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recently Issued Accounting Standards (continued):

Pronouncements Currently Under Evaluation:

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with initial terms over 12 months to be capitalized as a right-of-use asset and lease liability on the consolidated statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will affect the pattern of expense recognition in the consolidated statement of activities. This standard is effective for the calendar year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its consolidated financial statements.

Subsequent Events:

Management of Visit Fort Wayne has evaluated events and transactions for possible recognition or disclosure through June 7, 2021, the date the financial statements were available to be issued. See Note 12.

Note 2. Investments

Investments are stated at fair value and are summarized as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Market Value</u>
December 31, 2020:				
Corporate bonds	\$ <u>303,329</u>	\$ <u>7,442</u>	\$ <u>-</u>	\$ <u>310,771</u>
December 31, 2019:				
Certificates of deposit	\$ 200,002	\$ 562	\$ -	\$ 200,564
Corporate bonds	<u>383,363</u>	<u>1,706</u>	<u>-</u>	<u>385,069</u>
	<u>\$ 583,365</u>	<u>\$ 2,268</u>	<u>\$ -</u>	<u>\$ 585,633</u>

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Note 2. Investments (Continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Interest	\$ 15,585	\$ 18,539
Amortization of bond premium	(2,035)	(2,495)
Net unrealized gain on investments	<u>5,174</u>	<u>21,453</u>
	<u>\$ 18,724</u>	<u>\$ 37,497</u>

Note 3. Fair Value Measurements

Fair value measurements are based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, and are determined by either the principal market or the most advantageous market.

Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 measurements having the highest priority and Level 3 measurements having the lowest priority.

- Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access at the measurement date.
- Level 2: Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially its full term.
- Level 3: Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable in the market.

The asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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Note 3. Fair Value Measurements (Continued)

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Certificates of deposit: Valued based on yields currently available on comparable certificates of deposit.

Corporate bonds: Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of December 31:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Fair Value
December 31, 2020:				
Corporate bonds	\$ <u> -</u>	\$ <u> 310,771</u>	\$ <u> -</u>	\$ <u> 310,771</u>

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Fair Value
December 31, 2019:				
Certificates of deposit	\$ -	\$ 200,564	\$ -	\$ 200,564
Corporation bonds	-	385,069	-	385,069
Total assets at fair value	\$ <u> -</u>	\$ <u> 585,633</u>	\$ <u> -</u>	\$ <u> 585,633</u>

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Note 4. Net Assets

Net assets with donor restrictions are restricted for time and/or purpose as follows at December 31:

	<u>2020</u>	<u>2019</u>
Sporting event hosting and marketing	\$ <u>15,250</u>	\$ <u>-</u>

Net assets were released from time and/or purpose restrictions during the years ended December 31, as follows:

	<u>2020</u>	<u>2019</u>
Sporting event hosting and marketing	\$ <u>19,750</u>	\$ <u>35,000</u>

Note 5. State and Local Revenue

State and local revenue received during the years ended December 31 was as follows:

	<u>2020</u>	<u>2019</u>
State of Indiana:		
Operating support from the Indiana Destination Development Corporation (IDDC)	\$ 49,061	\$ -
Allen County:		
Capital Improvements Board passed through from the State of Indiana for hotel room taxes	1,794,806	1,877,667
City of Fort Wayne:		
Grant for hosting and marketing events	<u>30,000</u>	<u>35,000</u>
Total State and Local Revenue	<u>\$ 1,873,867</u>	<u>\$ 1,912,667</u>

All amounts are budgeted to be used for promoting tourism in the year received. Unused funds related to grants from the City of Fort Wayne are properly recorded as net assets with donor restrictions and released as each event occurs.

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Note 6. Building Lease

Visit Fort Wayne leases office space for its main facilities. The current agreement was entered into, effective October 1, 2010, to lease office space for an initial term of ten years with two additional five-year options to renew. Visit Fort Wayne exercised the first option for a five-year extension. Rent is due in the amount of \$6,806 per month with rate adjustments every four years from the original date of the lease agreement. Lease expense for the years ended December 31, 2020 and 2019, was \$83,659 and \$83,644, respectively.

Minimum annual lease obligations are as follows:

2021	\$	81,674
2022		81,674
2023		81,674
2024		81,674
2025		<u>61,254</u>
	\$	<u><u>387,950</u></u>

Note 7. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statements of financial position date for general expenditure such as operating expenses, scheduled principal payments of debt and property and equipment costs not financed with debt, were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 876,352	\$ 438,281
Accounts receivable - industry partner advertising & other	9,386	93,745
Investments	<u>310,771</u>	<u>585,633</u>
Total financial assets	1,196,509	1,117,659
Less: Amounts unavailable for general expenditures within one year, due to the following:		
Restricted by donors with purpose restrictions	<u>15,250</u>	<u>-</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 1,211,759</u></u>	<u><u>\$ 1,117,659</u></u>

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Note 8. Concentrations of Credit Risk

The Organization, at December 31, 2020 and 2019, and at various times throughout the years, maintained balances in bank accounts in excess of federally insured limits.

Note 9. Retirement Plan

Visit Fort Wayne provides a simplified employee pension (SEP) plan for all employees who have completed three or more years of service. Eligible employees receive 9% percent of their salary contributed to an individual retirement account (IRA) established in their name. The plan is self-directed and noncontributory for the employees. Retirement plan expense was \$59,216 and \$53,557 for the years ended December 31, 2020 and 2019, respectively.

Note 10. Related Party Transactions

The Organization, through various events during the year, incurred transactions with various members of the Board of Directors either directly or indirectly. Expenses related to these transactions totaled approximately, \$10,000 and \$70,000 for the years ended December 31, 2020 and 2019, respectively.

Note 11. Contingency

The Organization is monitoring the COVID-19 outbreak in the United States and throughout the world for impacts to its operations. The length of the outbreak is uncertain at this time and therefore, the impact on the Organization's financial condition and results of its operations is unknown.

Note 12. Subsequent Events

In February 2021, Visit Fort Wayne received a Small Business Administration (SBA) loan in the amount of \$207,970 under the Paycheck Protection Program. The unsecured loan accrues interest at 1%, and has payment terms that begin 10 months following the covered period of the program and matures in February 2026. The loan may be forgiven if Visit Fort Wayne complies with the terms specified in the agreement.