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September 5, 2023

Board of Directors  
Hendricks County Convention and Visitors Bureau, Inc.  
d/b/a Visit Hendricks County  
8 W. Main St.  
Danville, IN 46122

We have reviewed the audit report of Hendricks County Convention and Visitors Bureau, Inc. d/b/a Visit Hendricks County, which was opined upon by Somerset CPAs, PC, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Hendricks County Convention and Visitors Bureau, Inc. d/b/a Visit Hendricks County as of December 31, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Somerset CPAs, 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.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**HENDRICKS COUNTY CONVENTION AND  
VISITORS BUREAU, INC.**

**FINANCIAL STATEMENTS  
December 31, 2021 and 2020**

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**

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## Independent Auditor's Report

**To the Board of Directors  
Hendricks County Convention and Visitors Bureau, Inc.  
Danville, Indiana**

### ***Opinion***

We have audited the financial statements of Hendricks County Convention and Visitors Bureau, Inc. (the Bureau), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended December 31, 2021 and 2020.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hendricks County Convention and Visitors Bureau, Inc., as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years ended December 31, 2021 and 2020, with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Bureau and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 in preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bureau's ability to continue as a going concern within one year after the date of the financial statements are issued or available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Bureau's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bureau's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings and certain internal control-related matters that we identified during the audits.

*Somerset CPAs PC*

Indianapolis, Indiana  
May 23, 2022

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,273,114	\$ 1,332,715
Prepays	20,650	-
	1,293,764	1,332,715
Total Current Assets	1,293,764	1,332,715
Property and Equipment		
Furniture and fixtures	26,313	26,313
Accumulated depreciation	(9,391)	(5,186)
	16,922	21,127
Total Property and Equipment, net	16,922	21,127
Total Assets	\$ 1,310,686	\$ 1,353,842
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accrued liabilities	66,894	65,202
	66,894	65,202
Total Current Liabilities	66,894	65,202
Net Assets		
Net assets without restrictions	1,243,792	1,288,640
	1,243,792	1,288,640
Total Liabilities and Net Assets	\$ 1,310,686	\$ 1,353,842

See accompanying notes.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Years Ended December 31, 2021 and 2020**

	2021			2020		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
Revenues						
Contract services	\$ 972,253	-	\$ 972,253	\$ 1,715,872	-	\$ 1,715,872
Grants	8,062	-	8,062	50,684	-	50,684
Interest income	2,536	-	2,536	3,255	-	3,255
Total Revenues	982,851	-	982,851	1,769,811	-	1,769,811
Expenses						
Program services	765,040	-	765,040	819,205	-	819,205
Management and general	262,659	-	262,659	298,981	-	298,981
Total Expenses	1,027,699	-	1,027,699	1,118,186	-	1,118,186
Net Changes in Net Assets	(44,848)	-	(44,848)	651,625	-	651,625
Net Assets, Beginning of Year	1,288,640	-	1,288,640	637,015	-	637,015
Net Assets, End of Year	\$ 1,243,792	\$ -	\$ 1,243,792	\$ 1,288,640	\$ -	\$ 1,288,640

See accompanying notes.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended December 31, 2021 and 2020**

	2021			2020		
	Program	Management and General	Total Expenses	Program	Management and General	Total Expenses
Wages, taxes and benefits	\$ 450,433	\$ 193,043	\$ 643,476	\$ 477,423	\$ 204,610	\$ 682,033
Advertising	226,040	-	226,040	213,290	-	213,290
Research	20,746	-	20,746	40,549	-	40,549
Professional fees	8,931	20,839	29,770	10,653	24,856	35,509
IT equipment and software	11,214	2,804	14,018	16,263	4,066	20,329
Dues and subscriptions	6,921	1,730	8,651	15,176	3,794	18,970
Travel and client development	7,660	3,283	10,943	12,292	5,268	17,560
Phone and internet	6,846	6,846	13,692	8,007	8,007	16,014
Rental and leases	11,314	2,829	14,143	11,990	2,998	14,988
Maintenance	-	5,433	5,433	-	14,600	14,600
Insurance	-	13,165	13,165	-	11,941	11,941
Training and recruitment	-	1,974	1,974	-	8,742	8,742
Utilities	3,849	3,849	7,698	4,114	4,114	8,228
Grants and programming	6,518	-	6,518	5,354	-	5,354
Supplies and miscellaneous	1,115	4,458	5,573	1,031	4,123	5,154
Depreciation	2,103	2,102	4,205	1,712	1,712	3,424
Miscellaneous expense	-	154	154	-	-	-
Postage	1,350	150	1,500	1,351	150	1,501
	<u>\$ 765,040</u>	<u>\$ 262,659</u>	<u>\$ 1,027,699</u>	<u>\$ 819,205</u>	<u>\$ 298,981</u>	<u>\$ 1,118,186</u>

See accompanying notes.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (44,848)	\$ 651,625
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,205	3,424
Increase (decrease) in certain assets:		
Accounts receivable	-	800
Prepays	(20,650)	-
Increase (decrease) in certain liabilities:		
Accounts payable	-	(5,800)
Accrued liabilities	1,692	19,861
	<u>(59,601)</u>	<u>669,910</u>
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	-	(7,813)
	<u>(59,601)</u>	<u>662,097</u>
Net Increase (Decrease) in Cash	(59,601)	662,097
Cash and Cash Equivalents, Beginning of Year	<u>1,332,715</u>	<u>670,618</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,273,114</u>	<u>\$ 1,332,715</u>

See accompanying notes.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Hendricks County Convention and Visitors Bureau, Inc. (the "Bureau") was originally incorporated in 1999 as a part of the Hendricks County Tourism Commission. In July 2019, the Bureau began operations as a separate Indiana nonprofit organization under Section 501(c)(6) of the Internal Revenue Code. The Bureau is contracted by the Hendricks County Tourism Commission to perform duties associated with promoting and encouraging conventions, visitors and tourism. As the destination marketing organization for Hendricks County, the Bureau promotes and develops the visitor experience to targeted markets for sustainable economic growth and quality of place.

**Basis of Accounting and Presentation**

The financial statements of the Bureau have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**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 amounts of certain 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. Actual results could differ from those estimates.

**Revenue Recognition**

*Revenues from Contracts*

The Bureau receives payment from the Hendricks County Tourism Commission as part of an agreement to provide services to and on behalf of the Commission such as promoting and encouraging conventions, visitors and tourism in Hendricks County, and provide funding for related activities. Contract revenue received from the Hendricks County Tourism Commission is recognized as earned during the established contract period of service.

*Revenues from Grants*

Bureau revenue from government grants and contracts were previously accounted for as exchange transactions since the arrangement with the customer benefited the general public, and revenue was recognized as expenses were incurred. However, under ASU 2018-08, revenue from government grants and contracts are considered contributions because the customer does not receive commensurate value for the consideration received by the Bureau; rather, the purpose of these arrangements is for the benefit of the general public. Therefore, management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement to funds.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

*Revenues from Grants (Continued)*

Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. The Bureau has elected the "simultaneous release" accounting policy option such that grants received and used within the same period are reported in net assets without donor restriction. The Bureau's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Bureau. Therefore, under the prospective approach, there was no material change in the revenue recognition for government grants and contracts.

**Cash Flows**

For purposes of the Statements of Cash Flows, the Bureau considers all highly liquid instruments purchased within three months or less of an instrument's maturity date to be cash and equivalents.

**Accounts Receivable**

Grants receivable, which represent unconditional promises to give, are recognized in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the net present value of their estimated cash flows beyond one year using a risk-adjusted rate of return appropriate for the expected term of the promise to give. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recorded when the conditions on which they depend are substantially met. Other receivables are recorded when the Bureau's right to consideration is unconditional. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value.

The Bureau uses the allowance method to determine uncollectible accounts. The allowance is based on prior experience and management's analysis of specific accounts. The Bureau has determined that any allowance would be immaterial.

**Property and Equipment**

Property and equipment are carried at cost or estimated fair value at the time of donation. Depreciation has been provided on the straight-line method over the estimated service lives of the equipment. Depreciable lives generally range from five to seven years.

Expenditures for normal repairs and maintenance are charged to operations as incurred. The cost of property or equipment retired or otherwise disposed of and the related accumulated depreciation are removed from the accounts in the year of disposal with the resulting gain or loss reflected in earnings.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

The provision for depreciation amounted to \$4,205 and \$3,424 for the years ended December 31, 2021 and December 31, 2020, respectively.

**Net Assets**

The financial statements report amounts separately by class of net assets as follows:

Net assets without restrictions - Net assets that are not subject to stipulations and are, therefore, available for the general operation of the Bureau.

Net assets with restrictions - Net assets that are subject to restrictions. Some restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the supporter. Other imposed restrictions are perpetual in nature; for example, stipulating that resources be maintained in perpetuity.

**Advertising**

The Bureau charges advertising costs to expense as incurred. Advertising expenses amounted to approximately \$227,000 and \$213,000 for the years ended December 31, 2021 and 2020, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

**Income Taxes**

The Bureau is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Authoritative accounting standards require the Bureau to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next 12 months or that would not sustain an examination by applicable taxing authorities. Although the Bureau has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statements of activities.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update 2016-02, "Leases". The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

The new standard also requires a lessor to classify leases as either sales-type, finance or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor doesn't convey risks and rewards or control, an operating lease results. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which deferred the effective date for one year. This ASU will be effective for the Bureau for the year ended December 31, 2022. The Bureau is currently evaluating the impact of this accounting standards update.

**Effect of Current Economic Conditions**

The COVID-19 outbreak in the United States caused disruptions to businesses and organizations through mandated and voluntary closures. While these disruptions were expected to be temporary, there was considerable uncertainty about the duration of the outbreak, the federal and state government responses, and the impact on the economy and the Bureau. The Bureau depends heavily on funding from tourism for its public support. Contributions revenue decreased by approximately 43% from fiscal year end 2020 to 2021. The ability of contributors to the Bureau may be dependent upon current and future overall economic conditions. The Bureau's future results of operations and liquidity could be adversely impacted. While the Bureau's Board of Directors believes the Bureau has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent upon the above factors.

**Subsequent Events**

The Bureau has evaluated subsequent events through May 23, 2022, the date on which the financial statements were available to be issued.

In January 2022, the Bureau entered into a contract for the performance of a feasibility study for \$45,000.

**NOTE 2 - RETIREMENT PLAN**

The Bureau maintains a Safe Harbor 401(k) retirement plan for all eligible employees as provided by the plan document. Participating employees may elect to contribute, on a deferred tax basis, a portion of their compensation in accordance with Section 401(k) of the Internal Revenue Code. The Bureau maintains a discretionary matching policy whereby the Bureau may match up to 3% of employee compensation. In addition, the Bureau makes a 3% safe harbor contribution to all eligible employees. The Bureau made contributions totaling \$26,397 and \$17,209 to the plan for the years ended December 31, 2021 and 2020, respectively. Retirement plan contributions are included with benefits on the statements of activities and changes in net assets.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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**NOTE 3 - OPERATING LEASES**

The Bureau has four operating leases for certain office equipment, a vehicle, and parking space. The equipment leases expire at various dates through October 2024, the vehicle lease will expire in October 2022, and the parking lot lease expired in 2021 and renewed until April 2023. Total lease expense amounted to \$14,143 and \$14,988 for the years ended December 31, 2021 and 2020, respectively.

Future minimum commitments under these agreements are as follows at December 31, 2021:

<u>Year Ending December 31,</u>		
2022	\$	11,222
2023		1,208
2024		590
		13,020
	\$	13,020

**NOTE 4 - RELATED PARTY TRANSACTIONS**

The Bureau's bylaws require that all members of the Hendricks County Tourism Commission serve as members of the board. Additionally, the Bureau derives nearly all of its revenues from a service agreement with the Commission which is funded as a part of the innkeepers' tax remitted by Hendricks County innkeepers. Payments are remitted to the Bureau twice a year. As part of the service agreement with the Hendricks County Tourism Commission, the Bureau has agreed to lease certain space through December 31, 2020, for a nominal amount. The agreement will automatically renew for two additional one-year periods. Total revenues received from the Hendricks County Tourism Commission were approximately \$972,000 and \$1,716,000 for the years ended December 31, 2021 and December 31, 2020, respectively.

**NOTE 5 - CONCENTRATIONS**

*Concentrations of Credit Risk*

The Bureau's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Bureau places its cash and cash equivalents with primarily one financial institution. At times, such amounts may be in excess of the FDIC insured limit. The Bureau has never experienced any losses related to these balances.

*Revenues*

The Bureau received approximately 99% and 97% of its revenues from the Hendricks County Tourism Commission, a related party, for the years ended December 31, 2021 and 2020, respectively.

**HENDRICKS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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**NOTE 6 - LIQUIDITY MANAGEMENT**

The following reflects the Bureau's assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditures due to contractual or donor-imposed restrictions within one year.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,273,114	\$ 1,332,715
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,293,764</u>	<u>\$ 1,332,715</u>