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November 28, 2023

Board of Directors  
Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.  
20 NW Third St., Suite 410  
Evansville, IN 47708

We have reviewed the audit report of the Evansville-Vanderburgh County Convention and Visitors Bureau, Inc. which was opined upon by Timothy J. Otte, CPA, PC, Independent Public Accountants, for the period January 1, 2021 to December 31, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Evansville-Vanderburgh County Convention and Visitors Bureau, Inc. as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Timothy J. Otte, CPA, PC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

Timothy J.  Otte CPA, PC

**EVANSVILLE-VANDERBURGH COUNTY CONVENTION AND  
VISITORS BUREAU, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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# EVANSVILLE-VANDEBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.

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Board of Directors  
Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.

**Opinion**

We have audited the accompanying statements of Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets- modified cash basis as of December 31, 2022 and 2021, and the related statements of support, revenue and expenses- modified cash basis and functional expenses- modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.as of December 31, 2022 and 2021, and its support, revenue and expenses and functional expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Evansville-Vanderburgh County Convention and Visitors Bureau, Inc. 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.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Timothy J Oth CPA PC*

Evansville, IN  
October 9, 2023

**EVANSVILLE-VANDEBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS**  
**MODIFIED CASH BASIS**  
**DECEMBER 31, 2022 and 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash & Cash Equivalents- Operational	\$ 692,820	\$ 285,790
Cash & Cash Equivalents- Capital Development	3,740,171	3,480,367
Certificate of Deposit- Capital Development	-	1,315,417
Accounts Receivable- Casino Admission Tax	-	33,708
Due from Visitors Center	-	1,129
Total Current Assets	<u>4,432,991</u>	<u>5,116,411</u>
<b>Noncurrent Assets</b>		
Certificate of Deposit- Operational	-	378,839
Total Noncurrent Assets	<u>-</u>	<u>378,839</u>
 Total Assets	 <u>\$ 4,432,991</u>	 <u>\$ 5,495,250</u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Encumbrances Payables	\$ -	\$ 146,379
Payroll Liabilities	378	11,735
Total Current Liabilities	<u>378</u>	<u>158,114</u>
 <b>Net Assets Without Donor Restrictions</b>		
Tourism Promotional	736,388	774,561
Capital Development	3,696,225	4,562,575
Total Net Assets	<u>4,432,613</u>	<u>5,337,136</u>
 Total Liabilities and Net Assets	 <u>\$ 4,432,991</u>	 <u>\$ 5,495,250</u>

See notes to financial statements

**EVANSVILLE- VANDERBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF REVENUE AND EXPENSES- MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

	Net Assets Without Donor Restrictions	
	2022	2021
<b>REVENUE</b>		
Innkeepers Tax- PROMO	\$ 1,700,465	\$ 1,292,605
Innkeepers Tax- Tourism Cap Improvements	2,380,652	1,809,647
Casino Admission Tax	170,825	164,665
Paycheck Protection Program (PPP)	-	276,450
Rebate Income	26,137	-
Dock Rental	1,200	-
Interest Income	11,251	13,047
Total Revenue	4,290,530	3,556,414
<b>EXPENSES</b>		
Tourism Promotional	1,622,794	1,305,058
Capital Development	3,253,523	1,577,006
Management and General	318,736	336,822
Total Expenses	5,195,053	3,218,886
<b>CHANGE IN NET ASSETS</b>	(904,523)	337,528
<b>NET ASSETS- beginning of year</b>	5,337,136	4,999,608
<b>NET ASSETS- end of year</b>	\$ 4,432,613	\$ 5,337,136

See notes to financial statements

**EVANSVILLE- VANDERBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES- MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Program Services			2022 Total
	Tourism Promotional	Capital Development	Management and General	
<b>EXPENSES</b>				
Advertising	\$ 149,308	\$ -	\$ -	\$ 149,308
Capital Development	-	3,253,523	-	3,253,523
Communications	17,014	-	6,293	23,307
Contractional Services	151,547	-	59,360	210,907
Conventions Sales	140,457	-	-	140,457
Community Relations	27,838	-	-	27,838
Dues & Subscriptions	23,603	-	-	23,603
Insurance	8,645	-	3,197	11,842
Legal Fees	-	-	43,581	43,581
Office Expenses	-	-	550	550
Postage & Freight	4,667	-	-	4,667
Public Relations	639	-	-	639
Research	12,238	-	-	12,238
Seminars & Education	100	-	-	100
Sports Sales	473,920	-	-	473,920
Travel/Mileage	54,322	-	-	54,322
Wages, Taxes & Fringes	558,496	-	205,755	764,251
Total Expenses	<u>\$ 1,622,794</u>	<u>\$ 3,253,523</u>	<u>\$ 318,736</u>	<u>\$ 5,195,053</u>

	Program Services			2021 Total
	Tourism Promotional	Capital Development	Management and General	
<b>EXPENSES</b>				
Advertising	\$ 69,237	\$ -	\$ -	\$ 69,237
Capital Development	-	1,577,006	-	1,577,006
Communications	9,459	-	3,679	13,138
Contractional Services	393,672	-	35,141	428,813
Conventions Sales	81,518	-	-	81,518
Community Relations	1,062	-	-	1,062
Dues & Subscriptions	23,184	-	-	23,184
Insurance	16,074	-	6,251	22,325
Interest Expense	-	-	1,636	1,636
Legal Fees	-	-	52,288	52,288
Office Expenses	-	-	21,148	21,148
Postage & Freight	3,823	-	-	3,823
Public Relations	450	-	-	450
Research	6,430	-	-	6,430
Sports Sales	83,001	-	-	83,001
Travel/Mileage	56,639	-	-	56,639
Wages, Taxes & Fringes	560,509	-	216,679	777,188
Total Expenses	<u>\$ 1,305,058</u>	<u>\$ 1,577,006</u>	<u>\$ 336,822</u>	<u>\$ 3,218,886</u>

See notes to financial statements

**Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

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

**Nature of Operations**

The Evansville-Vanderburgh County Convention & Visitors Bureau, Inc. (ECVB) serves as the official tourism organization for Evansville and Vanderburgh County, which markets and supports local hotels and attractions by developing and facilitating the convention and visitors industry in Evansville. The ECVB enhances the economy of the area by selling and marketing the region as the premier destination for conventions, meetings, sports events, recreation, and business. The funding of this operation is primarily with a tax generated on hotel rooms commonly known as the Innkeepers tax, which rates must be approved by the Indiana Legislature. Since the funding is with tax revenues, the County Council must appropriate the funds and approve the annual budget.

**Basis of Accounting**

The ECVB prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The ECVB records “admissions” fees from Bally’s Casino on a monthly basis and reduces the receivable when they receive funds indirectly from the State through Vanderburgh County. The ECVB also records encumbrances at year end which are then recorded as expenses at the time they are encumbered.

**Basis of Presentation**

The ECVB reports information regarding its financial position and activities according to two classifications of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets without Donor Restrictions-** These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

**Net Assets with Donor Restrictions-** These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished, the net assets are restricted.

**Income Tax Status**

The ECVB is a nonprofit organization and exempt from income taxes under 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Management believes that it has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Liquidity**

Assets are presented in the accompanying statements of financial position according to their nearest conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

**Cash and Cash Equivalents**

For the purpose of the statement of assets, liabilities, and net assets, the ECVB considers all highly liquid investments, which are readily converted into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At December 31, 2022 and 2021, management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these investments.

**Accounts Receivable – Casino Admission Tax**

Accounts receivable are stated at the amount the ECVB expects to collect from outstanding balances. As of December 31, 2021, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Revenue Recognition**

Revenue from the Innkeepers tax is recognized when received and the estimated funds from the Casino are recorded monthly as income. Management believes this provides a better representation of revenues since the receipt is sporadic from the State of Indiana as it relates to the Casino admissions tax even though the tax is paid on a monthly basis to the State.

**Use of Estimates**

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

**Advertising**

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2022 and 2021 were \$149,308 and \$69,237, respectively.

**Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, costs have been allocated among the program and services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been classified based on the actual direct expenditures and cost allocation based on time estimates made by management. Salaries, payroll taxes, employee benefits, retirement, and contractual services included both direct expenses and allocated expenses based on time estimates. Auto Lease, insurance and telephone are allocated solely based on time estimates.

**NOTE 2- RETIREMENT PLAN**

The ECVB maintains an employees' Retirement Plan for eligible employees in the form of a SEP-IRA. The ECVB contributes 10% of annual compensation into each employee's individual account. The ECVB's contribution for the year ended December 31, 2022 and 2021 were \$44,207 and \$53,265, respectively.

**NOTE 3- EXPENDITURES**

If the ECVB's expenditures exceed any budgetary line item, they have the ability to transfer unspent funds from any budgeted account, to cover the overspent account. This transfer must be reported when submitting year-end financial information provided by the ECVB's accounting firm to the County Council and County Auditor.

**NOTE 4- RELATED PARTY**

The ECVB paid the Evansville Visitors Center, Inc. stipends of \$3,607 for 2022 and \$107,500 for 2021. The stipends are used to fund the Visitors Centers operations and to provide office space for the ECVB. In addition, the Visitor Center is reimbursed for expenses attributed to the ECVB. The Visitors Center and the ECVB also have a common governance board.

**Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 5- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

As of December 31, 2022, ECVB has \$4,432,991 of financial assets available within one year of the statement of asset, liabilities, and net assets date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$692,820 to be used for operations, and cash and equivalents of \$3,740,171 to be used for capital development.

As of December 31, 2021, ECVB has \$5,465,250 of financial assets available within one year of the statement of asset, liabilities, and net assets date to meet cash needs for general expenditures consisting of cash and equivalents of \$285,790 to be used for operations, cash, and equivalents of \$3,480,367 and a certificate of deposit of \$1,315,417 to be used for capital development, accounts receivable of \$33,708 from casino admission tax to be used for operations, and amounts due from the Visitors Center of \$1,129.

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general or capital development expenditures within one year of the statement of assets, liabilities, and net assets date. The casino admission tax accounts receivable are subject to time restrictions but are normally collected within four months. ECVB's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of operating expenditures. As part of its liquidity plan, ECVB has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due which includes investing excess cash in money market accounts and certificates of deposit.

**NOTE 6- PAYCHECK PROTECTION PROGRAM ("PPP")**

Funds received pursuant to ("PPP") under Division A, Title I of the CARES Act, enacted March 27, 2020, have been recorded as a conditional contribution. This program is being implemented by the SBA with cooperation from private banks. PPP funds may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Under the terms of the PPP, ECVB initially recognizes the funds as a refundable advance and, as conditions for forgiveness are met, are recognized as contribution revenue. On April 20, 2020, PPP funds of \$138,900 were received and recorded as a liability on the 2020 financial statements and forgiven by the SBA on February 12, 2021 and recorded as revenue on the 2021 financial statements. On February 9, 2021, PPP funds of \$135,913 were received, conditions were met during the year and forgiven by the SBA on June 14, 2021, and recorded as revenue on the 2021 financial statements.

**Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 7 - SCHEDULE OF REVENUE- SBOA**

The following is a schedule of revenue as required by the State Board of Accounts (SBOA) prepared on a cash basis.

	<u>Tourism</u>	<u>Capital Develop.</u>	<u>2022 Total</u>
Innkeepers Tax	\$ 1,700,465	\$ 2,380,652	\$ 4,081,117
Casino Admission Tax	197,429	-	197,429
	<u>\$ 1,897,894</u>	<u>\$ 2,380,652</u>	<u>\$ 4,278,546</u>
	<u>Tourism</u>	<u>Capital Develop.</u>	<u>2021 Total</u>
Innkeepers Tax	\$ 1,292,605	\$ 1,809,647	\$ 3,102,252
Cassino Admission Tax	204,533	-	204,533
	<u>\$ 1,497,138</u>	<u>\$ 1,809,647</u>	<u>\$ 3,306,785</u>

Admission tax reflects actual cash collected and differs than what is recorded on the statements of revenues and expenses- modified cash basis which is based on estimates due to timing of collections.

**NOTE 8 - ENCUMBRANCES**

The Organization provides a balance sheet compiled by their accounting firm to the County Auditor and can request that the County Auditor approve the encumbrance of unspent budgeted funds at the year end. The unspent funds, if approved, are then encumbered and they can be spent in addition to the budgeted funds during the next budgetary period.

A summary of the funds encumbered at December 31, 2022 and 2021 are as follows:

<u>Description</u>	<u>2022</u>	<u>2021</u>
<i>Capital Development:</i>		
Sports Complex	-	145,878
Pagoda Repairs	-	501
	<u>\$ -</u>	<u>\$ 146,379</u>

**Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 9- COMMITMENTS**

ECVB has entered into a new lease agreement related to relocating office space. The lease term is for ten (10) years commencing October 1, 2021 and expiring on October 1, 2031 with an option to renew up to two (2) additional consecutive terms of (5) years each. Rent payments are \$8,883 per month subject to a 1.5% annual increase including the renewal period. Future minimum lease payments under the operating lease agreement are as follows:

Lease Months 1-12	\$ 106,601
Lease Months 13-24	108,200
Lease Months 25-36	109,823
Lease Months 37-48	111,470
Lease Months 49-60	113,142
Thereafter	<u>591,863</u>
	<u>\$ 1,140,918</u>

Rent expense was \$107,000 and \$26,650 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 10- BOARD DESIGNATED NET ASSETS**

Board designated net assets are those net assets that the Board of Directors has designated to be used for the purpose of making grants for capital development. The total board designated net assets at December 31, 2022 and 2021 was \$3,696,225 and \$4,562,575, respectively.

**NOTE 11- SUBSEQUENT EVENTS**

The ECVB has evaluated subsequent events and transactions through October 9, 2023, the date the financial statements were available to be issued.