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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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May 14, 2025

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

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, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Evansville-Vanderburgh County Convention and Visitors Bureau, Inc. as of December 31, 2023, 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 Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner



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

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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EVANSVILLE-VANDERBURGH 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, 2023 and 2022, 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, 2023 and 2022, 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 Ott CPA PC
Evansville, IN
August 29, 2024

EVANSVILLE-VANDERBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash & Cash Equivalents- Operational	\$ 256,921	\$ 692,820
Cash & Cash Equivalents- Capital Development	3,008,839	3,740,171
Certificate of Deposit- Capital Development	1,511,973	-
Total Current Assets	<u>4,777,733</u>	<u>4,432,991</u>
 Total Assets	 <u>\$ 4,777,733</u>	 <u>\$ 4,432,991</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Payroll Liabilities	\$ -	\$ 378
Total Current Liabilities	<u>-</u>	<u>378</u>
 Net Assets Without Donor Restrictions		
Tourism Promotional	682,700	736,388
Capital Development	4,095,033	3,696,225
Total Net Assets	<u>4,777,733</u>	<u>4,432,613</u>
 Total Liabilities and Net Assets	 <u>\$ 4,777,733</u>	 <u>\$ 4,432,991</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, 2023 AND 2022

	Net Assets Without Donor Restrictions	
	2023	2022
REVENUE		
Innkeepers Tax- PROMO	\$ 1,740,926	\$ 1,700,465
Innkeepers Tax- Tourism Cap Improvements	2,437,296	2,380,652
Casino Admission Tax	203,812	170,825
Rebate Income	23,028	26,137
Dock Rental	1,600	1,200
Other	9,852	-
Interest Income	136,643	11,251
Total Revenue	4,553,157	4,290,530
 EXPENSES		
Tourism Promotional	1,636,319	1,622,794
Capital Development	2,174,322	3,253,523
Management and General	397,396	318,736
Total Expenses	4,208,037	5,195,053
 CHANGE IN NET ASSETS	345,120	(904,523)
 NET ASSETS- beginning of year	4,432,613	5,337,136
 NET ASSETS- end of year	\$ 4,777,733	\$ 4,432,613

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, 2023 AND 2022

	Program Services			2023 Total
	Tourism Promotional	Capital Development	Management and General	
EXPENSES				
Advertising	\$ 215,831	\$ -	\$ -	\$ 215,831
Capital Development	-	2,174,322	-	2,174,322
Communications	14,114	-	5,765	19,879
Contractual Services	169,694	-	79,181	248,875
Conventions Sales	132,836	-	-	132,836
Community Relations	27,086	-	-	27,086
Dues & Subscriptions	30,836	-	-	30,836
Insurance	7,739	-	3,161	10,900
Legal Fees	-	-	42,991	42,991
Office Expenses	-	-	17,278	17,278
Postage & Freight	1,065	-	-	1,065
Public Relations	1,227	-	-	1,227
Research	45,316	-	-	45,316
Seminars & Education	730	-	-	730
Sports Sales	310,052	-	-	310,052
Travel/Mileage	66,558	-	-	66,558
Wages, Taxes & Fringes	613,235	-	249,020	862,255
Total Expenses	<u>\$ 1,636,319</u>	<u>\$ 2,174,322</u>	<u>\$ 397,396</u>	<u>\$ 4,208,037</u>

	Program Services			2022 Total
	Tourism Promotional	Capital Development	Management and General	
EXPENSES				
Advertising	\$ 149,308	\$ -	\$ -	\$ 149,308
Capital Development	-	3,253,523	-	3,253,523
Communications	17,014	-	6,293	23,307
Contractual 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>

See notes to financial statements

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

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. Accordingly, revenues and the related assets are recognized when received rather than when earned, and expenditures and the related liabilities are recognized when paid rather than when incurred.

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, 2023 and 2022

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, 2023 and 2022, management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these investments.

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, 2023 and 2022 were \$215,831 and \$149,308, respectively.

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.

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

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, 2023 and 2022 were \$57,671 and \$44,207, 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

Prior to ECVB's new lease operating agreement (Note 7), the ECVB paid the Evansville Visitors Center, Inc. stipends of \$3,607 for 2022. The stipends were used to fund the Visitors Centers operations and to provide office space for the ECVB. In addition, the Visitor Center was reimbursed for expenses attributed to the ECVB. The Visitors Center and the ECVB also had a common governance board.

NOTE 5- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of December 31, 2023, ECVB has \$4,777,733 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 \$256,921 to be used for operations, and cash and equivalents of \$4,520,812 to be used for capital development.

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.

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.

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 6 - 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>2023 Total</u>
Innkeepers Tax	\$ 1,740,926	\$ 2,437,296	\$ 4,178,222
Casino Admission Tax	203,812	-	203,812
	<u>\$ 1,944,738</u>	<u>\$ 2,437,296</u>	<u>\$ 4,382,034</u>
	<u>Tourism</u>	<u>Capital Develop.</u>	<u>2022 Total</u>
Innkeepers Tax	\$ 1,700,465	\$ 2,380,652	\$ 4,081,117
Cassino Admission Tax	197,429	-	197,429
	<u>\$ 1,897,894</u>	<u>\$ 2,380,652</u>	<u>\$ 4,278,546</u>

For the year ended December 31, 2022, the admission tax reflects actual cash collected and differs than what is recorded on the statements of revenues and expenses- modified cash basis which was based on estimates due to timing of collections.

NOTE 7 - COMMITMENTS

ECVB is a lessee of office space under a noncancellable operating lease. 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	591,683
	<u>\$ 1,140,919</u>

Rent Expense was \$117,757 and \$107,000 for the years ended December 31, 2023 and 2022, respectively.

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 8- 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, 2023 and 2022 was \$4,095,033 and \$3,696,225, respectively.

NOTE 9- SUBSEQUENT EVENTS

The ECVB has evaluated subsequent events and transactions through August 29, 2024, the date the financial statements were available to be issued.