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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

June 24, 2009

Board of Directors
Madison Area Convention
and Visitors Bureau, Inc.
601 W. First Street
Madison, IN 47250

We have reviewed the audit report prepared by Scott and Callicotte, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Madison Area Convention and Visitors Bureau, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

MADISON AREA
CONVENTION AND VISITORS BUREAU, INC.
Madison, Indiana

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
For the Years Ended
December 31, 2007 and 2006

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SCOTT AND CALLICOTTE, LLC



Certified Public Accountants

*Member of
American Institute of Certified Public Accountants
and Indiana Certified Public Accountants Society*

511 STATE STREET • P.O. BOX 959 • MADISON, INDIANA 47250 • TELEPHONE (812) 273-5747 • FAX (812) 273-5750

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Madison Area Convention
And Visitors Bureau, Inc.
Madison, Indiana

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of Madison Area Convention and Visitors Bureau, Inc. (a nonprofit organization) as of December 31, 2007 and 2006, and the related combined statement of support, revenue and expenses, and change in net assets – modified cash basis for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Madison Area Convention and Visitors Bureau, Inc. as of December 31, 2007 and 2006, and its support, revenue and expenses and changes in its net assets for the years then ended, on the basis of accounting described in note 1.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary statements of support, revenue and expenses, and change in net assets – modified cash basis on pages 8-11 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in

our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008, on our consideration of Madison Area Convention and Visitors Bureau, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Scott and Callicotte, LLC
Scott and Callicotte, LLC
Certified Public Accountants

November 25, 2008

MADISON AREA CONVENTION AND VISITORS BUREAU, INC
Statement of Assets, Liabilities and Net Assets
Modified Cash Basis
As of December 31,

	2007	2006
ASSETS		
CURRENT ASSETS		
Agency:		
Cash - Checking and Savings Accounts	\$ 1,757	\$ 5,497
Cash - Book Savings Account	4,213	3,783
Cash - URR Account	3,311	3,080
Certificates of Deposit	20,587	19,695
Madison Chautauqua:		
Cash - Checking and Savings Accounts	49,197	44,977
Certificates of Deposit	45,515	43,630
Nights Before Christmas:		
Cash - Checking and Savings Accounts	17,613	4,368
Ribberfest:		
Cash - Checking and Savings Accounts	20,068	25,349
Certificates of Deposit	36,488	15,826
Total Current Assets	198,749	166,205
PROPERTY AND EQUIPMENT		
Equipment	37,948	35,110
Less Accumulated Depreciation	-23,191	-19,961
Net Property and Equipment	14,757	15,149
TOTAL ASSETS	\$ 213,506	\$ 181,354
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Taxes Payable	\$ 4,676	\$ 3,367
Employee Benefits Payable	513	0
Total Current Liabilities	5,189	3,367
NET ASSETS		
Unrestricted	208,317	177,987
TOTAL LIABILITIES AND NET ASSETS	\$ 213,506	\$ 181,354

See Notes to Financial Statements.

MADISON AREA CONVENTION AND VISITORS BUREAU, INC.
 Combine Statement of Support, Revenue, and Expenses, and Changes in Net Assets
 Modified Cash Basis

For the Year Ended December 31, 2007

For the Year Ended December 31, 2006

	Agency	Chautauqua	Nights Before Christmas	Ribberfest	Total	Agency	Chautauqua	Nights Before Christmas	Ribberfest	Total
Support and Revenue	\$ 232,964	\$ 103,785	\$ 39,119	\$ 212,510	\$ 588,378	\$ 193,539	\$ 96,744	\$ 45,776	\$ 213,071	\$ 549,130
Expenses	<u>235,202</u>	<u>98,231</u>	<u>25,874</u>	<u>198,741</u>	<u>558,048</u>	<u>225,417</u>	<u>96,874</u>	<u>45,915</u>	<u>205,197</u>	<u>573,403</u>
Changes in Net Assets	-2,238	5,554	13,245	13,769	30,330	-31,878	-130	-139	7,874	-24,273
Net Assets, Beginning of Year	32,756	90,630	4,368	50,233	177,987	59,334	90,760	4,507	47,659	202,260
Transfers to or from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,300</u>	<u>0</u>	<u>0</u>	<u>-5,300</u>	<u>0</u>
Net Assets, End of Year	<u>\$ 30,518</u>	<u>\$ 96,184</u>	<u>\$ 17,613</u>	<u>\$ 64,002</u>	<u>\$ 208,317</u>	<u>\$ 32,756</u>	<u>\$ 90,630</u>	<u>\$ 4,368</u>	<u>\$ 50,233</u>	<u>\$ 177,987</u>

MADISON AREA CONVENTION AND VISITORS BUREAU, INC.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Madison Area Convention and Visitors Bureau, Inc. (the Agency) is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management, who is responsible for their integrity and objectivity.

The more significant accounting policies of the Agency are as follows:

Nature of Operations

The Agency is a private non-profit organization, which was started in January 1993. Its mission is to enrich tourism development, coordinate the area's tourism activity, develop the convention market and increase the overall visitation to the area. The Agency oversees the management of tourism events in the Madison Area including the Night Before Christmas event, the Chautauqua event, the Ribberfest event, and the Folk Music Festival.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under this basis, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. This basis differs from accounting principles generally accepted in the United States.

Basis of Presentation

The financial statement presentation follows the recommendation of the SFAS No. 117, "Financial Statements of Non-For-Profit Organizations." Under SFAS No. 117, the Agency is required to report information regarding its assets, liabilities, support, revenue and expenses according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. There are no temporarily or permanently restricted net assets at December 31, 2007 and 2006.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting, as described above, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities, if any, at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

MADISON AREA CONVENTION AND VISITORS BUREAU, INC.

Notes to Financial Statements-Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Sources of Support and Revenue

The Agency receives revenues from a contract with the Jefferson County Board of Tourism. The Agency received \$120,000 and \$82,500 for the years 2007 and 2006, respectively. The Agency also receives revenues from Jefferson County and the City of Madison Indiana governments. The total amount received in 2007 from these governments was \$1,500 and \$10,000, respectively and total amount received in 2006 from these governments was \$1,250 and \$10,000, respectively.

The Agency administers three major special events, which promote the city of Madison and Jefferson County in Indiana and generate support and revenues for the Agency. The Chautauqua event receives support and revenues from booth deposits, sponsorships, jury fees, and sales of merchandise and concessions. The Night Before Christmas event receives support and revenues from ticket sales and sponsorships. The Ribberfest event receives support and revenues from ticket and food sales, and sponsorships. In addition to these events, the Agency held a special administered the Folk Music Festivals in 2007 and 2006.

Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Agency does not have any cash equivalents at December 31, 2007 and 2006.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at date of donation. Maintenance and repairs are charged to expense as incurred; renewals and betterments are capitalized. Gain or loss on retirements or disposition of assets are credited or charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts.

Depreciation is provided on the basis of estimated useful lives of the assets using the straight-line method. The estimated useful lives are 5 to 10 years for equipment.

Advertising

The Agency expenses costs of advertising events when paid for. The total advertising expense during the years ended December 31, 2007 and 2006 was \$49,272 and \$47,064.

MADISON AREA CONVENTION AND VISITORS BUREAU, INC.

Notes to Financial Statements-Continued

NOTE 2 – DONATED SERVICES AND PROPERTY

Donated property, materials, equipment and cash are included within other revenue in the accompanying financial statements at their estimated fair market value at the date of receipt. Donated services have not been valued and are not reflected in this report because the criteria for recognition of such volunteer effort under SFAS No. 116, "Accounting for Contributions Received and Contributions Made", have not been satisfied.

NOTE 3 – PENSION COSTS

The Agency has a Simple IRA retirement plan (Plan) covering substantially all full-time employees who meet certain requirements as to age and length of service. Under the Plan, employees can contribute up to a maximum of \$10,500 to the Plan for the year 2007 and \$10,000 for the year 2006. The Agency matches 3% of the participating employee's salary. The Agency contributed \$3,323 and \$3,131, respectively, to the Plan for the years ended December 31, 2007 and 2006. This amount is included in employee benefits in the accompanying financial statements.

NOTE 4 – LEASE COMMITMENTS

The Agency shares its current facilities with the Lanier State Historic Site. The facility is owned by the Department of Natural Resources' Division of State Museums & Historic Sites. A memorandum of understanding between the parties provides that in lieu of paying rent, the Agency is to provide reception and gift shop personnel in areas shared with the Lanier Home.

NOTE 5 – INCOME TAXES

The Agency has qualified under Internal Revenue Code Section 501(c)(6) and with the State of Indiana as a tax-exempt organization for income tax purposes. Accordingly, there is no provision in the financial statements for federal or state taxes.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Agency receives a substantial amount of support from the Jefferson County Board of Tourism. The source of this support is the Jefferson County innkeeper's tax. A significant reduction in the level of this support, if this were to occur, may have an effect on the Agency's programs and activities.

Supplementary Information

MADISON AREA CONVENTION AND VISITORS BUREAU, INC.

AGENCY

SCHEDULE I

Statement of Support, Revenue, and Expenses, and Changes in Net Assets
Modified Cash Basis
For the Years Ended December 31,

	2007	2006
SUPPORT		
Jefferson County Board of Tourism	\$ 120,000	\$ 82,500
Jefferson County	1,500	1,250
City of Madison	10,000	10,000
Other Contributions	0	4,180
REVENUE		
Event Management Fees	28,500	31,398
Special Events	45,524	41,722
Other Revenue	26,319	21,459
Interest Income	1,121	1,030
TOTAL SUPPORT AND REVENUE	232,964	193,539
EXPENSES		
Salaries	131,397	113,777
Employee Benefits	11,959	13,129
Payroll Taxes	11,066	10,238
Office Expense	11,603	12,930
Telephone	3,880	3,835
Depreciation	1,067	688
Professional Fees	2,010	3,585
Conferences and Travel	7,015	6,628
Memberships	1,150	1,250
Tourism Development	3,102	4,516
Gift Shop	4,629	5,796
Insurance	2,742	1,094
Equipment Repairs	1,008	1,090
Miscellaneous	1,879	977
Underground Railroad Expenditures	0	153
Special Event Expense	40,695	45,731
TOTAL EXPENSES	235,202	225,417
CHANGE IN NET ASSETS	-2,238	-31,878
NET ASSETS, BEGINNING OF YEAR	32,756	59,334
Transfer From Other Funds	0	5,300
NET ASSETS, END OF YEAR	\$ 30,518	\$ 32,756

See Notes to Financial Statements.

MADISON AREA CONVENTION AND VISITORS BUREAU, INC.

CHAUTAUQUA EVENT

SCHEDULE II

Statement of Support, Revenue, and Expenses, and Changes in Net Assets
 Modified Cash Basis
 For the Years Ended December 31,

	2007	2006
REVENUE		
Sponsorship	\$ 10,780	\$ 9,462
Jury Fees	2,650	0
Booth Rentals	64,353	61,397
Concessions	11,700	11,250
Posters	7,320	7,300
Shirt Sales	4,545	4,215
Interest Income	2,437	2,344
Other	0	776
TOTAL SUPPORT AND REVENUE	103,785	96,744
EXPENSES		
Administration Fee	6,000	5,000
Coordinator	24,500	24,500
Advertising	24,460	22,595
Annual Poster	1,995	1,805
Annual T-shirt	3,032	3,054
Visitor and Exhibitor's Hospitality	10,930	10,907
Entertainment	6,625	7,201
Insurance	600	600
Jury and Judges	3,531	2,439
Office Expense	2,247	3,531
Telephone	304	430
Security	0	500
Show Expense	7,016	7,433
Membership and Dues	180	1,183
Professional Fees	1,000	0
Scholarship Contribution	1,920	1,310
Gifts to City of Madison	1,000	1,000
Gifts to Non-Profit Organizations	250	0
Depreciation Expense	551	551
Other Expense	2,090	2,835
TOTAL EXPENSES	98,231	96,874
CHANGE IN NET ASSETS	5,554	-130
NET ASSETS, BEGINNING OF YEAR	90,630	90,760
NET ASSETS, END OF YEAR	\$ 96,184	\$ 90,630

See Notes to Financial Statements.

MADISON AREA CONVENTION AND VISITORS BUREAU, INC.

NIGHTS BEFORE CHRISTMAS

SCHEDULE III

Statement of Support, Revenue, and Expenses, and Changes in Net Assets
Modified Cash Basis

For the Years Ended December 31,

	2007	2006
REVENUE		
Ticket Sales	\$ 39,097	\$ 45,758
Interest Income	22	18
	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	39,119	45,776
EXPENSES		
Site Expense	11,684	22,084
Administration Fee	0	12,398
Advertising	6,452	5,432
Printing Expense	3,393	3,325
Carolers	325	50
Insurance	1,199	600
Office Expense	1,691	1,919
Professional Fees	1,000	0
Other Expense	130	107
	<hr/>	<hr/>
TOTAL EXPENSES	25,874	45,915
CHANGE IN NET ASSETS	13,245	-139
NET ASSETS, BEGINNING OF YEAR	4,368	4,507
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$ 17,613	\$ 4,368
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See Notes to Financial Statements.

MADISON AREA CONVENTION AND VISITORS BUREAU, INC.

RIBBERFEST EVENT

SCHEDULE IV

Statement of Support, Revenue, and Expenses, and Changes in Net Assets
Modified Cash Basis
For the Years Ended December 31,

	2007	2006
REVENUE		
Admission and Food Sales	\$ 139,319	\$ 137,463
Sponsorships	27,222	34,800
Entry Fees	13,640	11,540
Pigmania	2,750	3,253
Corporate Tents	17,132	12,145
Other Income	11,588	13,075
Interest Income	859	795
	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	212,510	213,071
EXPENSES		
Administration Fee	8,000	14,000
Coordinator	14,500	12,000
Advertising	18,360	19,037
Vendor Expense	32,453	18,089
Event Expense	17,628	23,316
Awards and Sanction Fees	12,359	14,549
Entertainment	52,494	56,191
Beer Garden	11,018	15,660
Balloon Expense	6,272	4,509
Corporate Tent Rental	5,864	7,900
Office Expense	714	1,546
Pigmania Parade	1,351	1,630
Souvenirs	3,063	6,307
Kid's Area	1,815	1,413
Insurance	6,454	5,451
Professional Fees	500	0
Scholarships Awarded	2,000	0
Donations	1,500	0
Depreciation Expense	1,612	1,587
Other Expense	784	2,012
	<hr/>	<hr/>
TOTAL EXPENSES	198,741	205,197
CHANGE IN NET ASSETS	13,769	7,874
NET ASSETS, BEGINNING OF YEAR	50,233	47,659
Transfer to Other Funds	0	-5,300
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$ 64,002	\$ 50,233

See Notes to Financial Statements.

SCOTT AND CALLICOTTE, LLC



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and Indiana Certified Public Accountants Society

511 STATE STREET • P.O. BOX 959 • MADISON, INDIANA 47250 • TELEPHONE (812) 273-5747 • FAX (812) 273-5750

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Madison Area Convention
and Visitors Bureau, Inc.
Madison, Indiana

We have audited the financial statements of Madison Area Convention and Visitors Bureau, Inc. (a nonprofit organization) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Madison Area Convention and Visitors Bureau, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison Area Convention and Visitors Bureau, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison Area Convention and Visitors Bureau, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Scott and Callicotte, LLC
Scott and Callicotte, LLC
Madison, Indiana

November 25, 2008