



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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November 24, 2009

Board of Directors
The Convention and Visitors Bureau
of Monroe County, Inc.
2855 N. Walnut St.
Bloomington, IN 47448

We have reviewed the audit report prepared by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. 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 Convention and Visitors Bureau of Monroe County, Inc., as of December 31, 2008, 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

**THE CONVENTION AND VISITORS BUREAU OF
MONROE COUNTY, INC.**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

(MODIFIED CASH BASIS)

DECEMBER 31, 2008 AND 2007

CPAs / ADVISORS



THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
The Convention and Visitors Bureau of Monroe County, Inc.
Bloomington, Indiana

We have audited the accompanying statements of financial position – modified cash basis of The Convention and Visitors Bureau of Monroe County, Inc., as of December 31, 2008 and 2007, and the related statements of activities – modified cash basis and cash flows – modified cash basis for the years then ended. These financial statements are the responsibility of The Convention and Visitors Bureau of Monroe County, Inc.'s management. Our responsibility is to express an opinion on these 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 audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 financial position of The Convention and Visitors Bureau of Monroe County, Inc., as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended on the basis of accounting described in Note 1.

Blue & Co., LLC

March 6, 2009

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 37,641	\$ 7,445
Inventory	8,606	10,645
Restricted cash	<u>124,280</u>	<u>150,929</u>
	<u>\$ 170,527</u>	<u>\$ 169,019</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 112	\$ 7,360
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Net assets

Unrestricted net assets	46,135	10,730
Temporarily restricted net assets	<u>124,280</u>	<u>150,929</u>
Total net assets	<u>170,415</u>	<u>161,659</u>
	<u>\$ 170,527</u>	<u>\$ 169,019</u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2008 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007)

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and support				
Commission	\$ 1,066,765	\$ -0-	\$ 1,066,765	\$ 903,150
Contributions	42,403	-0-	42,403	33,052
Retail sales	8,373	-0-	8,373	14,537
Visitors guide ad sales	112,750	-0-	112,750	143,267
Website commission	8,550	-0-	8,550	-0-
Hotel rebate income	13,459	-0-	13,459	6,607
Sports income	-0-	-0-	-0-	3,863
Interest income	2,571	-0-	2,571	5,933
Miscellaneous	2,979	2,981	5,960	2,656
Net assets released from restrictions	29,630	(29,630)	-0-	-0-
Total revenues and support	1,287,480	(26,649)	1,260,831	1,113,065
Expenses				
Convention and promotion	391,209	-0-	391,209	360,577
Tourism development	547,394	-0-	547,394	489,520
Management and general	313,472	-0-	313,472	219,473
Total expenses	1,252,075	-0-	1,252,075	1,069,570
Change in net assets	35,405	(26,649)	8,756	43,495
Net assets, beginning of year	10,730	150,929	161,659	118,164
Net assets, end of year	\$ 46,135	\$ 124,280	\$ 170,415	\$ 161,659

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2007

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Commission	\$ 903,150	\$ -0-	\$ 903,150
Contributions	33,052	-0-	33,052
Retail sales	14,537	-0-	14,537
Visitors guide ad sales	143,267	-0-	143,267
Hotel rebate income	6,607	-0-	6,607
Sports income	3,863	-0-	3,863
Interest income	5,933	-0-	5,933
Miscellaneous	2,656	-0-	2,656
Net assets released from restrictions	26,306	(26,306)	-0-
Total revenues and support	1,139,371	(26,306)	1,113,065
Expenses			
Convention and promotion	360,577	-0-	360,577
Tourism development	489,520	-0-	489,520
Management and general	219,473	-0-	219,473
Total expenses	1,069,570	-0-	1,069,570
Change in net assets	69,801	(26,306)	43,495
Net assets (deficit), beginning of year	(59,071)	177,235	118,164
Net assets, end of year	\$ 10,730	\$ 150,929	\$ 161,659

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Operating activities		
Change in net assets	\$ 8,756	\$ 43,495
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Inventory	2,039	(3,407)
Accounts payable and accrued expenses	<u>(7,248)</u>	<u>7,282</u>
Net cash flows from operating activities	3,547	47,370
Investing activities		
Change in restricted cash	26,649	16,250
Financing activities		
Net repayments on line of credit	<u>-0-</u>	<u>(56,175)</u>
Net change in cash	30,196	7,445
Cash, beginning of year	<u>7,445</u>	<u>-0-</u>
Cash, end of year	<u>\$ 37,641</u>	<u>\$ 7,445</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 83	\$ 2,148

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Convention and Visitors Bureau of Monroe County, Inc. ("the Organization") is a not-for-profit organization whose principal activities are to promote conventions, trade shows, tourism and special events principally in Monroe County. The Organization's revenues and other support are derived principally from an annual renewable contract with the Monroe County Convention and Visitors Commission (the "Commission"), a governmental body. Under the terms of the contract, the Commission pays a portion of the funds collected from the Monroe County Innkeeper's tax to the Organization. The funds must be used by the Organization for administration and to fulfill its principal activities.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. The basis differs from accounting principles generally accepted in the United States of America primarily because revenues are recognized when received rather than when earned, expenses are recognized when cash is disbursed rather than when the obligation is incurred, and purchases of property and equipment are expensed versus being capitalized; however, the recording of inventory is included.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with their basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Inventory

Inventory consists of retail merchandise that pertains to Monroe County, Indiana. Inventory is stated at the lower of cost or market. Cost of retail merchandise is determined using the first-in, first-out (FIFO) method.

Property and Equipment

The Commission advances funds to the Organization for the purchase of property and equipment. These funds are recorded as revenue. The Organization's purchases of property and equipment are expensed in the period of purchase. Ownership of the purchased assets is ultimately retained by the Commission.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

Restricted Cash

Restricted cash includes monies received for the Wayfinder Sign program at December 31, 2008 and 2007.

Basis of Presentation

Net assets and revenues, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Advertising Costs

Advertising costs are charged to operations when the cash is disbursed and totaled \$100,680 and \$129,703 for the years ended December 31, 2008 and 2007, respectively.

Expense Allocation

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to income tax on any unrelated business taxable income.

Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48 ("FIN 48"), which clarifies generally acceptable accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FIN 48 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. As permitted by FIN 48 (as amended), the

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

Organization has elected to defer the application of FIN 48 until issuance of its December 31, 2009 financial statements. For financial statements covering periods prior to calendar 2009, the Organization evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required thereunder.

Reclassifications

Certain prior year amounts have been reclassified herein to conform to the current method of presentation.

2. LINE OF CREDIT

The Organization has a revolving, unsecured line-of-credit agreement with a bank in the amount of \$100,000, which carries an interest rate of prime and matures on October 30, 2009. The applicable interest rate at December 31, 2008 was 3.25 percent. The Organization had borrowings outstanding under this agreement at December 31, 2008 and 2007, of \$0.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Designated purpose restrictions related to:		
Wayfinding program	\$ 124,280	\$ 150,929

Temporarily restricted net assets released from restrictions due to the satisfaction of purpose restrictions were as follows during the years ended December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Wayfinding program	\$ 29,630	\$ 22,452
Indiana Heritage Limestone program	<u>-0-</u>	<u>3,854</u>
	<u>\$ 29,630</u>	<u>\$ 26,306</u>

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

4. OPERATING LEASES

Noncancellable operating leases for various items of equipment expire in various years through June 2013. These leases generally require the Organization to pay all executory costs (property taxes, maintenance and insurance). Rental expense for all operating leases for the years ended December 31, 2008 and 2007 was \$26,826 and \$25,341, respectively.

Future minimum lease payments subsequent to December 31, 2008 are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 13,055
2010	13,055
2011	7,704
2012	6,670
2013	<u>750</u>
	<u>\$ 41,234</u>

5. RETIREMENT PLAN

The Organization has a defined-contribution 401(k) plan covering substantially all employees. The Organization's contributions to the plan consist of a discretionary contribution and a matching contribution of twenty-five percent of employee contributions up to four percent of eligible employee compensation. Contribution expense was \$14,362 and \$21,249 for the years ended December 31, 2008 and 2007, respectively.

6. CONCENTRATIONS

The Organization maintains its cash in bank accounts that, at times, may exceed the federally insured limit of \$250,000. The Organization has not experienced any losses in such accounts. Management does not believe a significant credit risk on cash exists.

During 2008 and 2007, the Organization received 85 and 81 percent, respectively, of its revenues from the Indiana Uniform County Innkeeper Tax.

SUPPLEMENTARY INFORMATION

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

**SCHEDULES OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008				2007			
	Convention and Promotion	Tourism Development	Management and General	Total	Convention and Promotion	Tourism Development	Management and General	Total
Salaries, wages, and payroll taxes	\$ 147,258	\$ 147,259	\$ 196,345	\$ 490,862	\$ 181,592	\$ 136,194	\$ 136,194	\$ 453,980
Employee benefits	20,833	20,834	27,778	69,445	17,480	17,480	16,452	51,412
Programs and activities	99,435	81,356	-0-	180,791	72,482	59,304	-0-	131,786
Supplies	4,155	4,156	8,311	16,622	2,435	2,436	4,871	9,742
Travel and training	13,168	13,991	274	27,433	16,546	17,580	345	34,471
Maintenance	-0-	-0-	20,813	20,813	-0-	-0-	16,781	16,781
Utilities	-0-	-0-	10,534	10,534	-0-	-0-	8,989	8,989
Advertising	-0-	100,680	-0-	100,680	-0-	129,703	-0-	129,703
Insurance	393	392	9,025	9,810	344	344	7,912	8,600
Professional services	-0-	-0-	25,228	25,228	-0-	-0-	18,325	18,325
Printing and publications	7,272	21,818	-0-	29,090	11,494	17,241	-0-	28,735
Postage	209	1,258	629	2,096	-0-	-0-	(366)	(366)
Interest	-0-	-0-	83	83	-0-	-0-	2,148	2,148
Public relations	4,828	15,290	-0-	20,118	3,092	9,793	-0-	12,885
Office equipment	-0-	-0-	5,065	5,065	-0-	-0-	3,684	3,684
Telephone	762	740	740	2,242	1,247	1,210	1,210	3,667
Rent	556	539	539	1,634	526	526	528	1,580
Retail store cost of sales	2,543	2,544	-0-	5,087	4,244	4,245	-0-	8,489
Visitors guide ad cost of sales	57,188	57,188	-0-	114,376	38,477	38,477	-0-	76,954
Web development	21,922	21,923	-0-	43,845	-0-	-0-	-0-	-0-
Capital expenditures	-0-	17,108	-0-	17,108	-0-	20,588	-0-	20,588
Marketing research	3,250	3,250	-0-	6,500	2,207	2,208	-0-	4,415
Professional development	6,133	6,133	3,066	15,332	5,301	6,628	121	12,050
Taxes	1,304	1,305	-0-	2,609	3,110	3,111	-0-	6,221
Miscellaneous	-0-	-0-	5,042	5,042	-0-	-0-	2,279	2,279
Wayfinder Sign project	-0-	29,630	-0-	29,630	-0-	22,452	-0-	22,452
	<u>\$ 391,209</u>	<u>\$ 547,394</u>	<u>\$ 313,472</u>	<u>\$ 1,252,075</u>	<u>\$ 360,577</u>	<u>\$ 489,520</u>	<u>\$ 219,473</u>	<u>\$ 1,069,570</u>