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January 26, 2010

Board of Directors
Hamilton County Convention
and Visitors Bureau, Inc.
37 E. Main Street
Carmel, IN 46032

We have reviewed the audit report prepared by Bastin, Dorrell & Snyder, 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 Hamilton County 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.

We call your attention to the findings in the report. The management letter contains seven comments.

STATE BOARD OF ACCOUNTS

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2007 & 2006

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

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BASTIN, DORRELL & SNYDER, L.L.C.



Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Hamilton County Convention and Visitors Bureau, Inc.
Carmel, IN 46032

We have audited the accompanying statement of financial position of the Hamilton County Convention and Visitors Bureau, Inc. (a non-profit organization) as of December 31, 2007 & 2006, and the related statement of activities, statements of cash flows and the statement of functional expense for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Convention and Visitors Bureau, Inc. as of December 31, 2007 & 2006, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Bastin, Dorrell & Snyder, LLC

May 14, 2008

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

Statement of Financial Position

December 31, 2007 & 2006

ASSETS

	2007	2006
<u>Current Assets:</u>		
Cash and cash equivalents (Note 1)	\$ 47,767	\$ 64,150
Prepaid rent & expenses	96,226	42,202
Total current assets	<u>\$ 143,993</u>	<u>\$ 106,352</u>
<u>Noncurrent Assets:</u>		
Prepaid rent (Note 4)	\$ 239,009	\$ 269,078
Equipment and fixtures (Note 1)	178,872	161,683
Less accumulated depreciation	(69,566)	(45,804)
Total noncurrent assets	<u>\$ 348,315</u>	<u>\$ 384,957</u>
Total assets	<u>\$ 492,308</u>	<u>\$ 491,309</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts payable	\$ 4,404	\$ 5,801
Accrued wages payable	14,626	9,695
Employee withholding tax and retirement payable	1,924	1,774
Total current liabilities	<u>\$ 20,954</u>	<u>\$ 17,270</u>
<u>Net Assets:</u>		
Unrestricted	\$ 228,831	\$ 192,947
Temporarily restricted	242,523	281,092
Total net assets	<u>\$ 471,354</u>	<u>\$ 474,039</u>
Total liabilities and net assets	<u>\$ 492,308</u>	<u>\$ 491,309</u>

(See accompanying notes to financial statements)

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

Statement of Activities

For the Years Ended December 31, 2007 & 2006

	2007	2006
<u>Changes in Unrestricted Net Assets:</u>		
Revenues:		
Memberships	\$ 9,955	\$ 10,880
Rent and miscellaneous	15,411	(63)
Interest income	10,518	18,457
Total unrestricted revenue	<u>\$ 35,884</u>	<u>\$ 29,274</u>
Net assets released from restriction	2,119,682	1,174,189
Total unrestricted revenues & support	<u>\$ 2,155,566</u>	<u>\$ 1,203,463</u>
Expenses:		
Program expense	\$ 1,972,060	\$ 1,028,336
Management & general	147,622	145,853
Total expenses	<u>\$ 2,119,682</u>	<u>\$ 1,174,189</u>
Increase in unrestricted net assets	<u>\$ 35,884</u>	<u>\$ 29,274</u>
<u>Changes in Temporarily Restricted Net Assets:</u>		
Contributions - Hamilton County Visitors & Convention Commission	<u>\$ 2,081,113</u>	<u>\$ 1,229,801</u>
Total temporarily restricted revenue	\$ 2,081,113	\$ 1,229,801
Net assets released from restricted net assets	2,119,682	1,174,189
Change in temporarily restricted net assets	<u>\$ (38,569)</u>	<u>\$ 55,612</u>
(Decrease) / increase in net assets	\$ (2,685)	\$ 84,886
Net assets at beginning of year	<u>474,039</u>	<u>389,153</u>
Net assets at end of year	<u>\$ 471,354</u>	<u>\$ 474,039</u>

(See accompanying notes to financial statements)

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

Statement of Cash Flows

For the Years Ended December 31, 2007 & 2006

	2007	2006
<u>Cash Flows from Operating Activities:</u>		
(Decrease) / increase in net assets	\$ (2,685)	\$ 84,886
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	23,762	10,873
(Increase) / decrease in prepaid expenses	(23,956)	(296,381)
Increase / (decrease) in accounts payable	(1,397)	1,746
Increase in accrued expenses	5,081	8,810
Net cash provided / (used) by operating activities	<u>\$ 805</u>	<u>\$ (190,066)</u>
<u>Cash Flow from Investing Activities:</u>		
Purchase of equipment	(17,188)	(104,763)
Additional provided from equipment sold	0	63
Net cash used in investing activities	<u>\$ (17,188)</u>	<u>\$ (104,700)</u>
Decrease in cash & cash equivalents	\$ (16,383)	\$ (294,766)
Cash & cash equivalents at beginning of year	<u>64,150</u>	<u>358,916</u>
Cash & cash equivalents at end of year	<u>\$ 47,767</u>	<u>\$ 64,150</u>

(See accompanying notes to financial statements)

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

Statement of Functional Expense

For the Years Ended December 31, 2007 & 2006

2007 Supporting Services

	<u>Program</u>	<u>Management and general</u>	<u>Total</u>
Salaries	\$ 296,194	\$ 87,916	\$ 384,110
Taxes	22,353	6,636	28,989
Employee benefits	57,731	17,137	74,868
Office rent & utilities	29,738	4,841	34,579
Equip. repair & rental	27,863	4,536	32,399
Telephone	8,640	1,406	10,046
Insurance	6,042	984	7,026
Postage	19,872	3,235	23,107
Office expense	8,234	1,340	9,574
Professional fees	0	16,264	16,264
Advertising & promotion	754,932	0	754,932
Community development & grants	671,222	0	671,222
Printing	4,173	0	4,173
Conferences, seminars & travel	26,338	0	26,338
Dues & subscriptions	11,885	0	11,885
Van expenses	6,408	0	6,408
Depreciation	20,435	3,327	23,762
Total functional expense	<u>\$ 1,972,060</u>	<u>\$ 147,622</u>	<u>\$ 2,119,682</u>

2006 Supporting Services

Salaries	\$ 238,822	\$ 100,348	\$ 339,170
Taxes	18,469	7,758	26,227
Employee benefits	35,611	14,958	50,569
Office rent & utilities	22,012	2,446	24,458
Equip. repair & rental	16,606	1,845	18,451
Telephone	9,149	1,016	10,165
Insurance	3,851	428	4,279
Postage	17,286	1,921	19,207
Office expense	6,541	727	7,268
Professional fees	0	12,875	12,875
Advertising & promotion	378,121	0	378,121
Community development & grants	220,054	0	220,054
Printing	5,238	0	5,238
Conferences, seminars & travel	32,306	0	32,306
Dues & subscriptions	10,484	0	10,484
Van expenses	4,000	444	4,444
Depreciation	9,786	1,087	10,873
	<u>1,028,336</u>	<u>145,853</u>	<u>1,174,189</u>

(See accompanying notes to financial statements)

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

Notes To Financial Statements

December 31, 2007 & 2006

Note 1 - Organization and Summary of Significant Accounting Policies:

(a) Organization:

The Hamilton County Convention and Visitors Bureau, Inc. (the "Bureau") was incorporated under the laws of Indiana on June 28, 1990. Operations of the Bureau began on March 1, 1991. Its purpose is to promote and encourage conventions, trade shows, visitors, tourism, festivals and other special events in Hamilton County, Indiana. The mission of the Bureau is to promote tourism growth through strategic marketing, hospitality and community development initiatives.

(b) Support and Expense:

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(c) Property Accounts:

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Equipment purchases are recorded at historical cost. Property and equipment that meet the requirements to be capitalized are depreciated using the straight line method over the estimated useful life of the assets. The current depreciable periods range from 5 - 10 years.

(d) Income Tax:

The Internal Revenue Service has determined that the Bureau meets the requirements of the Internal Revenue Code and is exempt from federal income tax under Section 501 (c) (6) of the Code.

(e) Cash and Cash Equivalents:

For purpose of the statement of cash flows, the Bureau considers all highly liquid investments available for current use with an initial maturity of twelve months or less to be cash equivalents.

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

Notes To Financial Statements

December 31, 2007 & 2006

Note 1 - Organization and Summary of Significant Accounting Policies (continued):

(f) Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(g) Advertising Costs:

The Organization expenses advertising production costs as they are incurred.

Note 2 - Public Support and Concentration Risk:

During the current period, most of the Bureau's public support revenue was provided by the Hamilton County Convention & Visitors Commission. This revenue amounted to \$2,081,113 for 2007, which represented 98.30% of the total revenue of the Organization. The revenue for 2006, amounted to \$1,229,801, which represented 97.67% of the total revenue.

Note 3 - Accounting and Budget:

The Bureau develops its annual cash-basis expense budget based on the expected annual cash revenue. Projected budget expenditures may vary from the expenses in these statements because of the difference between the cash basis and the accrual basis of accounting.

Note 4 - Lease Expense:

The Bureau leased office space in Fishers, Indiana, for 2006 and 2007. The agreement applicable to this space requires a monthly payment of \$1,863.49, which is payable to the Town of Fishers, Indiana. At the end of 2006, the Bureau extended their lease for an additional year, on a smaller space, at a monthly rental amount of \$1,018.26.

As of December 12, 2006, the Bureau began leasing additional office space in Carmel, Indiana in a building owned by Hamilton County. The new agreement is a ten year prepaid lease in the amount of \$300,681. The amortization of monthly rent expense on this space amounts to \$2,505.68 per month for the ten year period. The prepaid portion of the lease expense is shown on the Statement of Financial Position with \$30,068 classified as a current asset and \$239,009 presented as a noncurrent asset. The rent expense for 2007 amounted to \$30,068.

Also, the Bureau leases a vehicle and office equipment, which have expenses deducted in these statements as operating leases. The leases have future payments due in the amounts of \$10,074 due in 2008, payments of \$9,120 due in 2009, and final payments of \$5,795 due in 2010.

Note 5 - Pension Plan:

The Bureau maintains a qualified SEP retirement plan for all employees who meet the basic requirements for plan coverage. The present level of contribution to the plan is 7% of employee wages. Total contributions to the plan for 2007 amounted to \$22,926 and \$13,635 for 2006.

HAMILTON COUNTY CONVENTION AND VISITORS BUREAU, INC.

Notes To Financial Statements

December 31, 2007 & 2006

Note 6 - Functional Allocation of Expense:

The cost of providing the various programs and other activities has been summarized on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and other activities benefited. Labor costs and benefits were allocated based on the amount of time spent in the activities. All other costs were allocated based on actual expenses or a reasonable estimate of the amount used in the activity.

BASTIN, DORRELL & SNYDER, L.L.C.



Certified Public Accountants

12 North Ninth Street • Noblesville, Indiana 46060 • (317) 773-1897 • Fax (317) 773-1874



May 14, 2008

To the Senior Management and
The Board of Directors of
Hamilton County Convention and Visitors Bureau, Inc.

In planning and performing our audit of the financial statements of the Hamilton County Convention and Visitors Bureau, Inc. for the year ended December 31, 2007, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated May 14, 2008, on the financial statements of the Hamilton County Convention and Visitors Bureau, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with the Organization's personnel, and we will be pleased to discuss these comments in the further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Void Checks:

Checks that need to be voided from a prior period should be removed from the books by an adjusting entry in the current period. Voiding checks from a prior period changes the beginning fund balance, which should not change during the year.

Concentration of Bank Credit Risk:

Individual bank accounts that exceed the federal insurance limits create an at-risk situation that should be addressed.

Prepaid Rent Expense:

Since the monthly statements are now on the accrual basis, the amount of prepaid rent should be expensed each month. The amount of prepaid rent to charge-off each month should be \$2,505.68.

Employee Time Records:

Each employee should submit a signed record of hours worked for each pay period.

Subcontractor vs. Employees:

A review of the status of subcontractors and casual labor should be made to determine if any of the people are actually employees.

Employee expense Reimbursements:

Expense reimbursements should be made under an accountable plan rather than a set reimbursement with no accountability. An accountable plan is a plan that requires the employee to account for the difference between actual expenses incurred and the amount of reimbursement received at least once a year.

Organizational Structure:

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

We wish to thank you and your staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Boston, Donald H Snyder, LLC

Noblesville, IN
May 14, 2008