



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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October 14, 2011

Board of Directors
Downtown Bloomington, Inc.
302 S. College Ave.
Bloomington, IN 47403

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 Downtown Bloomington, 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

DOWNTOWN BLOOMINGTON, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Downtown Bloomington, Inc.
Bloomington, Indiana

We have audited the accompanying consolidated statements of financial position of Downtown Bloomington, Inc. (the "Organization") as of December 31, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 9 through 10 for 2008 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and change in net assets of the individual organizations. The 2003 to 2008 supplementary information on pages 11 through 15 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements referred to above; and, in our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. The 2001 to 2002 supplementary information was subjected to the auditing procedures applied by other auditors whose reports expressed that the supplementary information was fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Blue & Co., LLC

March 24, 2009

DOWNTOWN BLOOMINGTON, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 58,796	69,714
Property and equipment, net	<u>25,447</u>	<u>2,016</u>
	<u>\$ 84,243</u>	<u>\$ 71,730</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 14,491	\$ 5,648
Accrued payroll and taxes	5,050	7,226
Deferred support	16,220	10,150
Other liabilities	<u>10,009</u>	<u>12,157</u>
Total liabilities	45,770	35,181
Unrestricted net assets	<u>38,473</u>	<u>36,549</u>
	<u>\$ 84,243</u>	<u>\$ 71,730</u>

See accompanying notes to financial statements.

DOWNTOWN BLOOMINGTON, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Revenues and support		
Convention Center management fees	\$ 287,000	\$ 287,000
Convention and Visitors Commission	237,235	200,850
Parking revenue	18,000	18,000
Main Street City of Bloomington grants	15,000	15,000
Main Street memberships	23,220	18,925
In-kind revenue	17,135	17,135
Interest income	60	117
Miscellaneous income	<u>16,257</u>	<u>12,503</u>
Total revenues and support	613,907	569,530
Expenses		
Program services:		
Convention Center	218,479	216,085
Main Street - Downtown Bloomington	120,443	111,612
Convention and Visitors Commission	<u>215,911</u>	<u>200,912</u>
Total program services	554,833	528,609
Management and general	<u>57,150</u>	<u>45,006</u>
Total expenses	<u>611,983</u>	<u>573,615</u>
Change in net assets	1,924	(4,085)
Net assets, beginning of year	<u>36,549</u>	<u>40,634</u>
Net assets, end of year	<u>\$ 38,473</u>	<u>\$ 36,549</u>

See accompanying notes to financial statements.

DOWNTOWN BLOOMINGTON, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Operating activities		
Change in net assets	\$ 1,924	\$ (4,085)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,145	672
Changes in operating assets and liabilities:		
Accounts receivable	-0-	5,571
Accounts payable	8,843	1,909
Accrued payroll and taxes	(2,176)	1,880
Deferred support	6,070	(2,000)
Other liabilities	<u>(2,148)</u>	<u>4,813</u>
Net cash flows from operating activities	13,658	8,760
Investing activities		
Purchase of property and equipment	<u>(24,576)</u>	<u>-0-</u>
Net change in cash	(10,918)	8,760
Cash, beginning of year	<u>69,714</u>	<u>60,954</u>
Cash, end of year	<u>\$ 58,796</u>	<u>\$ 69,714</u>

See accompanying notes to financial statements.

DOWNTOWN BLOOMINGTON, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Downtown Bloomington, Inc. ("DBI") was incorporated and commenced operations as a not-for-profit organization in October 1984. DBI's mission is to develop, implement and promote ideas and projects that maintain and enhance the economic vitality of downtown Bloomington, Indiana. Through marketing and promoting the downtown area, as well as advocating and encouraging balanced development, DBI works to make the downtown stronger. It accomplishes this by strengthening relations with partners and communicating and working cooperatively with constituents and related associations. DBI's leadership consists of individuals representing a variety of interests including small business, local government, industry, residents, economic development, historic preservation, and tourism.

The Convention Center Management Company ("Management Company") was incorporated and commenced operations on January 1, 2006, and is a wholly-owned for-profit subsidiary of DBI. Management Company holds the management contract with the County for services performed in connection with the management, operation, and limited promotion of the Convention Center (see Note 3).

The significant accounting policies followed by DBI and Management Company in the preparation of their consolidated financial statements are summarized below.

Consolidation Policy

The accounts of Management Company are consolidated with the accounts of DBI. All inter-entity transactions have been eliminated in consolidation. The consolidated operations of DBI and Management Company are hereinafter collectively referred to as "the Organization."

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets represent net assets not subject to donor-imposed restrictions. At present, the Organization has no temporarily or permanently restricted net assets.

DOWNTOWN BLOOMINGTON, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

Management's Estimates

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. 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.

Property and Equipment

Property and equipment is recorded at cost. Expenditures that significantly extend the lives of assets and major improvements are capitalized. Repairs and maintenance are charged to expense as incurred. Depreciation is provided using the straight-line method over estimated useful lives of the respective assets ranging from 5 to 7 years.

Deferred Support

Income from membership dues is recognized in the period to which it applies.

Revenues and Expenses

The Organization's financial statements are prepared using the accrual method of accounting. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred. All revenue and expense which are applicable to future periods have been presented as deferred or prepaid on the accompanying consolidated statements of financial position.

The Organization is funded primarily by monies received under contracts with Monroe County, Indiana (the "County") and the Monroe County Convention and Visitors Commission (the "Visitors Commission"), both governmental bodies. The County contract funds are to be used for the management, operation and limited promotion of The Convention Center of Monroe County/Bloomington (the "Convention Center"), located in downtown Bloomington. The Visitors Commission's funds are collected from the County innkeeper's tax and transferred to the Organization to be used to encourage conventions, trade shows and other special events to be held in downtown Bloomington.

DOWNTOWN BLOOMINGTON, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

Government Grants

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from the County as a part of the management contract. It is the policy of the Organization to record the estimated fair market value of these in-kind donations as an expense in its consolidated financial statements, and similarly increase revenues by a like amount. In-kind rent revenue and expense amounted to \$17,135 for each of the years ended December 31, 2008 and 2007.

Income Taxes

DBI is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Management Company is subject to corporate income tax.

Accounting For Uncertainty In Income Taxes

The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48 ("FIN 48"), which clarifies generally accepted 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 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.

Expense Allocation

Expenses have been classified as program services and management and general based on actual direct expenditures or cost allocations based upon estimates of time spent by Organization personnel.

DOWNTOWN BLOOMINGTON, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

2. PROPERTY AND EQUIPMENT, NET

At December 31, 2008 and 2007, property and equipment consisted of the following:

	<u>2008</u>	<u>2007</u>
Equipment	\$ 48,731	\$ 24,155
Office furniture and equipment	<u>3,704</u>	<u>3,704</u>
	52,435	27,859
Less accumulated depreciation	<u>26,988</u>	<u>25,843</u>
Property and equipment, net	<u>\$ 25,447</u>	<u>\$ 2,016</u>

3. MANAGEMENT FEES

The Organization receives a fee from the County for services performed in connection with the management, operation and limited promotion of the Convention Center. The County processes claims for payment of the Convention Center's operating expenses (including management fees), if sufficient revenue has been generated by the Convention Center's operations to meet the obligations.

4. EMPLOYEE RETIREMENT PLAN

The Organization maintains a simplified employee retirement plan that covers employees who meet certain eligibility requirements. Employer contributions are limited to five percent of each employee's total compensation. Employee benefit expense under this plan was \$12,119 and \$10,666 for 2008 and 2007, respectively.

5. CONCENTRATIONS

During 2008 and 2007, the Organization received 39% and 35% of its revenue and support from the Convention and Visitors Commission, respectively. These funds were collected from the County Innkeeper's tax which is subject to economic conditions. Management fees from the County accounted for 47% and 50% of the Organization's 2008 and 2007 revenues and support, respectively.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

SUPPLEMENTARY INFORMATION

DOWNTOWN BLOOMINGTON, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2008

ASSETS

	Downtown Bloomington, Inc.	Convention Center Management Company	Eliminations	Total
Cash	\$ 43,559	\$ 15,237	\$ -0-	\$ 58,796
Property and equipment, net	25,447	-0-	-0-	25,447
Investment in subsidiary	33,435	-0-	(33,435)	-0-
	\$ 102,441	\$ 15,237	\$ (33,435)	\$ 84,243

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 8,675	\$ 5,816	\$ -0-	\$ 14,491
Accrued payroll and taxes	-0-	5,050	-0-	5,050
Deferred support	16,220	-0-	-0-	16,220
Other liabilities	10,009	-0-	-0-	10,009
 Total liabilities	 34,904	 10,866	 -0-	 45,770
 Unrestricted net assets	 67,536	 4,371	 (33,435)	 38,472
	\$ 102,440	\$ 15,237	\$ (33,435)	\$ 84,242

See Report of Independent Auditors on page 1.

DOWNTOWN BLOOMINGTON, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2008

	Downtown Bloomington, Inc.	Convention Center Management Company	Eliminations	Total
Revenues and support				
Convention Center management fees	\$ -0-	\$ 287,000	\$ -0-	\$ 287,000
Convention and Visitors Commission	237,235	-0-	-0-	237,235
Parking revenue	-0-	18,000	-0-	18,000
Main Street City of Bloomington grants	15,000	-0-	-0-	15,000
Main Street memberships	23,220	-0-	-0-	23,220
In-kind revenue	17,135	-0-	-0-	17,135
Interest income	60	-0-	-0-	60
Miscellaneous income	12,421	3,836	-0-	16,257
Total revenues and support	<u>305,071</u>	<u>308,836</u>	-0-	<u>613,907</u>
Expenses				
Program services:				
Convention Center	-0-	218,479	-0-	218,479
Main Street - Downtown Bloomington	58,033	62,411	-0-	120,444
Convention and Visitors Commission	<u>215,911</u>	<u>-0-</u>	<u>-0-</u>	<u>215,911</u>
Total program expenses	273,944	280,890	-0-	554,834
Management and general	<u>8,857</u>	<u>48,293</u>	<u>-0-</u>	<u>57,150</u>
Total expenses	<u>282,801</u>	<u>329,183</u>	<u>-0-</u>	<u>611,984</u>
Change in net assets	22,270	(20,347)	-0-	1,923
Net assets, beginning of year	<u>45,266</u>	<u>24,718</u>	<u>(33,435)</u>	<u>36,549</u>
Net assets, end of year	<u>\$ 67,536</u>	<u>\$ 4,371</u>	<u>\$ (33,435)</u>	<u>\$ 38,472</u>

See Report of Independent Auditors on page 1.

DOWNTOWN BLOOMINGTON, INC.

CONSOLIDATED OPERATING EXPENSES

YEAR ENDED DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2007)

	2008				Total	2007 Total
	Convention Center	Main Street - Downtown Bloomington	Convention and Visitors Commission	Management and General		
Salaries	\$ 129,700	\$ 55,023	\$ 117,795	\$ 24,753	\$ 327,271	\$ 300,128
Rent	-0-	11,995	-0-	5,140	17,135	17,135
General promotions	-0-	10,540	6,127	-0-	16,667	30,756
Repairs and maintenance	2,839	(5)	19,952	-0-	22,786	46,135
Payroll taxes	10,598	4,444	9,540	2,051	26,633	25,061
Program expense	18,000	6,028	-0-	-0-	24,028	25,242
Main Street Visitors	-0-	2,500	-0-	-0-	2,500	5,000
Advertising	-0-	5,174	13,184	-0-	18,358	11,844
Personnel	318	-0-	-0-	-0-	318	1,956
Employee benefits	38,223	7,943	-0-	3,475	49,641	30,476
Insurance	6,554	1,031	13,417	344	21,346	20,088
Professional fees	-0-	2,500	1,025	13,550	17,075	9,817
Postage	1,045	147	-0-	397	1,589	2,475
Office supplies	2,645	1,251	-0-	1,299	5,195	4,461
Building supplies	312	-0-	-0-	-0-	312	9,324
Miscellaneous	-0-	3,177	16,829	3,236	23,241	5,005
Memberships	325	307	376	-0-	1,008	1,598
Travel	1,558	3,109	2,607	-0-	7,274	14,807
Other support services	4,231	-0-	-0-	-0-	4,231	6,847
Printing	-0-	5,280	15,059	1,760	22,099	3,280
Telephone	2,131	-0-	-0-	-0-	2,131	1,508
Total expenses before depreciation	218,479	120,443	215,911	56,005	610,838	572,943
Depreciation	-0-	-0-	-0-	1,145	1,145	672
Total expenses	<u>\$ 218,479</u>	<u>\$ 120,443</u>	<u>\$ 215,911</u>	<u>\$ 57,150</u>	<u>\$ 611,983</u>	<u>\$ 573,615</u>

See Report of Independent Auditors on page 1.

DOWNTOWN BLOOMINGTON, INC.

SCHEDULE OF CONVENTION AND VISITORS COMMISSION BUDGET VS. ACTUAL EXPENSES YEAR ENDED DECEMBER 31, 2008

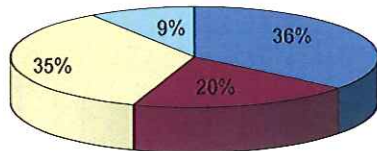
	<u>Budget</u>	<u>Actual</u>
Personnel	\$ 127,335	\$ 127,335
Other services	<u>109,900</u>	<u>88,576</u>
 Program	 <u>\$ 237,235</u>	 <u>\$ 215,911</u>

Total revenue received from the Convention and Visitors Commission in 2008 was \$237,235.

DOWNTOWN BLOOMINGTON, INC.

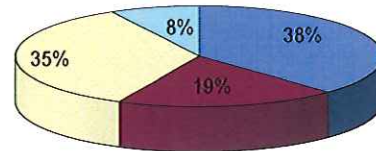
ANALYSIS OF EXPENSES YEARS ENDED DECEMBER 31, 2008 AND 2007

2008 Expenses by Program



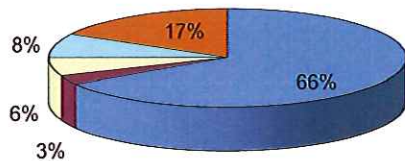
- Convention Center
- Main Street
- Convention & Visitors Commission
- Management & General

2007 Expenses by Program



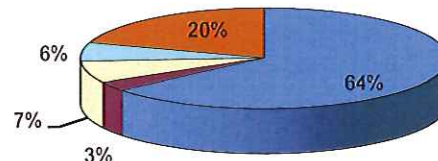
- Convention Center
- Main Street
- Convention & Visitors Commission
- Management & General

2008 Expenses by Category



- Personnel
- Occupancy
- Promotions and Advertising
- Direct Program Expense
- Other

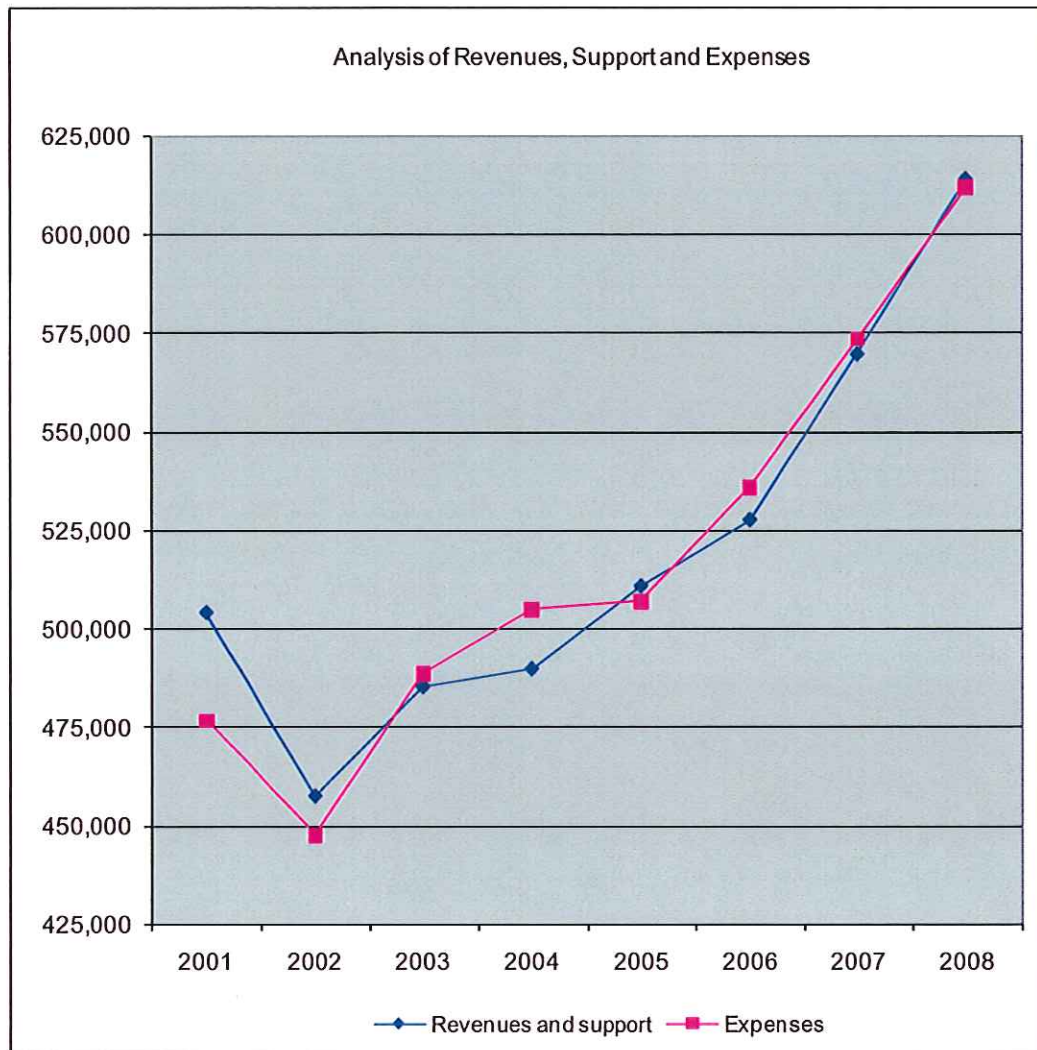
2007 Expenses by Category



- Personnel
- Occupancy
- Promotions and Advertising
- Direct Program Expense
- Other

DOWNTOWN BLOOMINGTON, INC.

ANALYSIS OF REVENUES, SUPPORT AND EXPENSES YEARS ENDED DECEMBER 31, 2002 THROUGH DECEMBER 31, 2008



DOWNTOWN BLOOMINGTON, INC.

ANALYSIS OF ASSETS, LIABILITIES AND NET ASSETS DECEMBER 31, 2002 THROUGH DECEMBER 31, 2008

