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May 5, 2017

Board of Directors  
Vincennes/Knox County Visitors and Tourism Bureau, Inc.  
P.O. Box 602  
Vincennes, IN 47591

We have reviewed the audit report prepared by Kemper CPA Group LLP, for the period January 1, 2014 to December 31, 2015. 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 Vincennes/Knox County Visitors and Tourism Bureau, Inc., as of December 31, 2015, 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.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**FINANCIAL STATEMENTS**

**VINCENNES/KNOX COUNTY VISITORS  
AND TOURISM BUREAU, INC.  
(An Indiana Nonprofit Corporation)**

**VINCENNES, INDIANA**

**December 31, 2015 and 2014**

**VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-8

## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Vincennes/Knox County Visitors & Tourism Bureau, Inc.  
Vincennes, Indiana

We have audited the accompanying financial statements of Vincennes/Knox County Visitors & Tourism Bureau, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility**

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vincennes/Knox County Visitors & Tourism Bureau, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Kemper CPA Group LLP*

Certified Public Accountants and Consultants

June 22, 2016

**VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2015 and 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 253,188	\$ 261,262
Certificates of deposits	178,281	177,682
Grant receivable	70,246	89,178
Prepaid expenses	15,956	11,006
<b>TOTAL CURRENT ASSETS</b>	<u>517,671</u>	<u>539,128</u>
 <b>FIXED ASSETS</b>		
Office building and improvements	47,135	47,135
Office equipment	6,961	5,717
Leasehold improvements	27,374	27,374
Less: accumulated depreciation	(24,155)	(20,379)
<b>TOTAL FIXED ASSETS, NET</b>	<u>57,315</u>	<u>59,847</u>
 <b>TOTAL ASSETS</b>	<u><u>\$ 574,986</u></u>	<u><u>\$ 598,975</u></u>
	 <u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,245	\$ 3,266
Payroll liabilities	2,334	1,945
<b>TOTAL CURRENT LIABILITIES</b>	<u>5,579</u>	<u>5,211</u>
 <b>NET ASSETS</b>		
Unrestricted	544,525	574,187
Temporarily restricted	24,882	19,577
<b>TOTAL NET ASSETS</b>	<u>569,407</u>	<u>593,764</u>
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 574,986</u></u>	<u><u>\$ 598,975</u></u>

**VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.**

**STATEMENTS OF ACTIVITIES**

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUE AND OTHER SUPPORT</b>		
Tourism commission revenue	\$ 320,234	\$ 348,576
Afghans and replicas income	2,319	2,118
Special events income	2,567	2,443
Miscellaneous income	765	30
Membership fees	851	2,080
Interest income	827	466
Guided Tour Revenue	50	148
Net assets released from restriction (time restriction)	<u>39,058</u>	<u>17,123</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u><b>366,671</b></u>	<u><b>372,984</b></u>
<b>EXPENSES</b>		
Public relations and advertising	184,344	160,754
Wages	77,046	73,594
Tourism development donation	19,592	32,010
Special events expense	41,959	19,378
Office expense	18,408	12,725
Dues and subscriptions	4,210	7,769
Afghans and replicas	3,473	1,303
Meals and entertainment	3,438	3,514
Utilities	6,355	6,460
Payroll and other taxes	6,464	5,885
Depreciation	3,776	3,833
Travel	1,461	1,982
Seminars	6,518	3,508
Employee benefits	2,095	2,010
Repairs and maintenance	5,846	1,952
Accounting and legal	4,678	8,553
Impact Study	<u>5,900</u>	<u>-</u>
<b>TOTAL EXPENSES</b>	<u><b>395,563</b></u>	<u><b>345,230</b></u>
<b>INCREASE (DECREASE) IN</b>		
<b>UNRESTRICTED NET ASSETS</b>	<u><b>(28,892)</b></u>	<u><b>27,754</b></u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>REVENUE AND OTHER SUPPORT</b>		
Contributions	43,593	29,535
Net assets released from restriction (time restriction)	<u>(39,058)</u>	<u>(17,123)</u>
<b>INCREASE (DECREASE) IN</b>		
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	<u><b>4,535</b></u>	<u><b>12,412</b></u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(24,357)</b>	<b>40,166</b>
<b>NET ASSETS, beginning of year</b>	<u><b>593,764</b></u>	<u><b>553,598</b></u>
<b>NET ASSETS, end of year</b>	<u><u><b>\$ 569,407</b></u></u>	<u><u><b>\$ 593,764</b></u></u>

The accompanying notes are an integral part of these financial statements.

**VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.**

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (Decrease) in net assets	\$ (24,357)	\$ 40,166
Adjustments to reconcile increase in net assets to net cash used by operating activities		
Depreciation	3,776	3,833
(Increase) Decrease in grant receivables	18,932	38,452
(Increase) Decrease in prepaid expenses	(4,950)	(1,183)
Increase (Decrease) in accounts payable	(21)	(2,447)
Increase (Decrease) in payroll liabilities	389	(496)
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>	<u>(6,231)</u>	<u>78,325</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(1,243)	-
Purchase of certificates of deposit	(600)	(25,253)
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>INVESTING ACTIVITIES</b>	<u>(1,843)</u>	<u>(25,253)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(8,074)	53,072
<b>CASH, beginning of year</b>	<u>261,262</u>	<u>208,190</u>
<b>CASH, end of year</b>	<u><u>\$ 253,188</u></u>	<u><u>\$ 261,262</u></u>

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.

Notes to Financial Statements

December 31, 2015 and 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Organization**

Vincennes/Knox County Visitors and Tourism Bureau, Inc., (“VTB”) is a not-for-profit organization which was established February 1, 1996, to promote tourism in the City of Vincennes and in Knox County, Indiana, and has become a coordinator of group tours to local attractions. VTB is primarily funded by and dependent upon continued funding from the Vincennes/Knox County Tourism Commission, as described in Note 2.

**B. Basis of Accounting**

The financial statements of the VTB have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**C. Basis of Presentation**

Financial statement presentation follows the recommendations of the FASB ASC 958, Not-For-Profit Entities. Under ASC 958, the VTB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**D. Designation of Unrestricted Net Assets**

It is the policy of the Board of Directors of the VTB to review its plans for future tourism development donations from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such donations.

**E. Restricted and Unrestricted Revenue**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.

Notes to Financial Statements

December 31, 2015 and 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Credit Risk**

The VTB maintains cash and certificate of deposit balances at multiple financial institutions in Vincennes, Indiana. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The VTB's uninsured cash balances were \$-0- and \$2,395, respectively, as of December 31, 2015 and 2014.

**G. Income Taxes**

VTB has been granted exemption from federal income taxes in accordance with Code Section 501(c)(6) of the Internal Revenue Code as a business league organized for nonprofit purposes.

**H. Public Relations and Advertising**

The VTB uses advertising to promote its programs among the audiences it serves and to increase tourism to the community. Public relations and advertising costs are expensed as incurred. Public relations and advertising expense for the years ended December 31, 2015 and 2014 were \$184,344 and \$160,754, respectively.

**I. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**J. Date of Management's Review**

Management has evaluated subsequent events through June 22, 2016, the date which the financial statements were available to be issued.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

The VTB is related to the Vincennes/Knox County Tourism Commission through the VTB's creation by the Tourism Commission and appointment of certain Directors to the VTB's Board by the Tourism Commission. Over 85% of the VTB's annual financial support comes to it through a contract with the Tourism Commission for funds collected through a local tourism tax. This support totaled \$320,234 for 2015 and \$348,576 for 2014. The Tourism Commission also reimburses the VTB for specific expenses related to marketing Vincennes and Knox County. Grant receivable of \$70,246 and \$89,178 was due from the Tourism Commission as of December 31, 2015 and 2014, respectively.

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.

Notes to Financial Statements

December 31, 2015 and 2014

**NOTE 3 – CERTIFICATES OF DEPOSIT**

Certificates of deposit consist of the following:

	<u>2015</u>		
<u>Institution</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>
First Vincennes Savings Bank	0.25%	04/21/16	\$ 76,332
First Financial Bank	0.25%	05/22/16	<u>101,949</u>
Total			<u>\$ 178,281</u>

  

	<u>2014</u>		
<u>Institution</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>
First Vincennes Savings Bank	0.35%	04/22/15	\$ 75,734
First Financial Bank	0.25%	05/22/15	<u>101,948</u>
Total			<u>\$ 177,682</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment is stated at cost. Depreciation is computed using the straight-line method with lives of 5 to 7 years for office equipment and 15 to 39 years for building and improvements. Depreciation amounted to \$3,776 and \$3,833 for 2015 and 2014, respectively.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized if over \$500. The basis for valuation of depreciable assets is cost when purchased or fair market value when contributed. Expenditures for maintenance and repairs are charged to expense as incurred.

**NOTE 5 – INCOME TAXES**

The VTB has evaluated their exposure resulting from uncertain tax positions and determined the exposure is not material to the financial statements. Therefore, these financial statements do not include a liability for unrecognized tax positions. Upon recognition of a liability for an unrecognized tax benefit the VTB would recognize interest accrued in interest expense and penalties in operating expenses.

The VTB files income tax returns in the U.S. federal jurisdiction and the State of Indiana. The VTB is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2012.