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January 18, 2018

Board of Directors  
Hamilton County Tourism, Inc.  
37 E. Main Street  
Carmel, IN 46032

We have reviewed the report prepared by Hamilton County Tourism, Inc. and opined upon by Bastin, Dorrell & Snyder, LLC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Hamilton County Tourism, 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.

In our opinion, Bastin, Dorrell & Snyder, LLC, prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

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

HAMILTON COUNTY TOURISM, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015 & 2014

HAMILTON COUNTY TOURISM, INC.

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Bastin, Dorrell & Snyder LLC  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Hamilton County Tourism, Inc.  
Carmel, IN 46032

We have audited the accompanying financial statements of the Hamilton County Tourism, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2015 & 2014, and the related statements of activities, cash flows, and functional expenses 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 the Hamilton County Tourism, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

August 18, 2016

HAMILTON COUNTY TOURISM, INC.

Statement of Financial Position

December 31, 2015 & 2014

ASSETS

	<b>2015</b>	<b>2014</b>
<u>Current Assets:</u>		
Cash and cash equivalents (Note 1 & 8)	\$ 485,601	\$ 295,230
Accounts Receivable	11,249	150
Prepaid rent & expenses (Note 7)	151,659	125,919
Total current assets	<u>\$ 648,509</u>	<u>\$ 421,299</u>
<u>Noncurrent Assets:</u>		
Prepaid rent (Note 4)	\$ 0	\$ 28,532
Buildings, equip., fixtures & improvements (Note 1)	1,439,539	1,446,360
Less accumulated depreciation	<u>(415,366)</u>	<u>(375,149)</u>
Total noncurrent assets	<u>\$ 1,024,173</u>	<u>\$ 1,099,743</u>
Total assets	<u>\$ 1,672,682</u>	<u>\$ 1,521,042</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts payable	\$ 94,743	\$ 160,155
Unearned revenue	13,257	31,228
Accrued wages payable	91,896	91,102
Employee withholding & other payables	1,938	4,213
Total current liabilities	<u>\$ 201,834</u>	<u>\$ 286,698</u>
<u>Net Assets:</u>		
Unrestricted	\$ 793,581	\$ 653,773
Temporarily restricted	<u>677,267</u>	<u>580,571</u>
Total net assets	<u>\$ 1,470,848</u>	<u>\$ 1,234,344</u>
Total liabilities and net assets	<u>\$ 1,672,682</u>	<u>\$ 1,521,042</u>

(See accompanying notes to financial statements)

HAMILTON COUNTY TOURISM, INC.

Statement of Activities

For the Years Ended December 31, 2015 & 2014

	2015	2014
<u>Changes in Unrestricted Net Assets:</u>		
Revenues:		
Memberships	\$ 32,128	\$ 35,157
Events, Conferences & Grants	46,110	60,806
Miscellaneous	69,202	93,137
Interest income	53	54
Total unrestricted revenue	<u>\$ 147,493</u>	<u>\$ 189,154</u>
Net assets released from restriction	3,400,691	3,265,696
Total unrestricted revenues & support	<u>\$ 3,548,184</u>	<u>\$ 3,454,850</u>
Expenses:		
Program expense	\$ 3,045,032	\$ 2,954,680
Management & general	363,344	321,977
Total expenses	<u>\$ 3,408,376</u>	<u>\$ 3,276,657</u>
Increase / (decrease) in unrestricted net assets	<u>\$ 139,808</u>	<u>\$ 178,193</u>
<u>Changes in Temporarily Restricted Net Assets:</u>		
Contributions - Hamilton County Visitors & Convention Commission	\$ 3,497,387	\$ 3,033,092
Contributions - Other Restricted Revenue	0	0
Total temporarily restricted revenue	<u>\$ 3,497,387</u>	<u>\$ 3,033,092</u>
Net assets released from restricted net assets	3,400,691	3,265,696
Change in temporarily restricted net assets	<u>\$ 96,696</u>	<u>\$ (232,604)</u>
(Decrease) / increase in net assets	<u>\$ 236,504</u>	<u>\$ (54,411)</u>
Net assets at beginning of year	<u>1,234,344</u>	<u>1,288,755</u>
Net assets at end of year	<u>\$ 1,470,848</u>	<u>\$ 1,234,344</u>

(See accompanying notes to financial statements)

HAMILTON COUNTY TOURISM, INC.

Statement of Cash Flows

For the Years Ended December 31, 2015 & 2014

	<b>2015</b>	<b>2014</b>
<u>Cash Flows from Operating Activities:</u>		
(Decrease) / increase in net assets	\$ 236,504	\$ (54,411)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	55,880	79,334
(Increase) / decrease in accounts receivable	(11,099)	6,350
(Increase) / decrease in prepaid expenses	2,792	20,889
Increase / (decrease) in accounts & grants payable	(65,412)	88,725
Increase / (decrease) in unearned dues revenue	(17,971)	(8,929)
Increase / (decrease) in accrued expenses	(1,481)	9,357
Net cash provided / (used) by operating activities	<u>\$ 199,213</u>	<u>\$ 141,315</u>
<u>Cash Flow from Investing Activities:</u>		
Purchase of equipment & property	(10,101)	(102,713)
Additional provided from equipment sales	1,259	0
Net cash used in investing activities	<u>\$ (8,842)</u>	<u>\$ (102,713)</u>
Increase/(decrease) in cash & cash equivalents	\$ 190,371	\$ 38,602
Cash & cash equivalents at beginning of year	<u>295,230</u>	<u>256,628</u>
Cash & cash equivalents at end of year	<u>\$ 485,601</u>	<u>\$ 295,230</u>

(See accompanying notes to financial statements)

HAMILTON COUNTY TOURISM, INC.

Statement of Functional Expense

For the Years Ended December 31, 2015 & 2014

**2015 Supporting Services**

	<u>Program</u>	<u>Management and general</u>	<u>Total</u>
Salaries	\$ 776,899	\$ 218,998	\$ 995,897
Taxes	64,094	18,109	82,203
Employee benefits	171,850	48,463	220,313
Office rent & utilities	60,638	9,871	70,509
Equip. repair & rental	91,963	14,971	106,934
Telephone	21,694	3,532	25,226
Insurance	18,852	3,069	21,921
Postage	20,831	3,391	24,222
Office expense	4,414	719	5,133
Professional fees	0	34,398	34,398
Advertising & promotion	1,399,596	0	1,399,596
Community development & grants	293,724	0	293,724
Printing	2,139	0	2,139
Conferences, seminars & travel	22,939	0	22,939
Dues & subscriptions	26,786	0	26,786
Van expenses	20,556	0	20,556
Depreciation	48,057	7,823	55,880
Total functional expense	\$ <u>3,045,032</u>	\$ <u>363,344</u>	\$ <u>3,408,376</u>

**2014 Supporting Services**

	<u>Program</u>	<u>Management and general</u>	<u>Total</u>
Salaries	\$ 692,938	\$ 195,303	\$ 888,241
Taxes	59,799	16,857	76,656
Employee benefits	142,055	40,044	182,099
Office rent & utilities	59,869	9,747	69,616
Equip. repair & rental	67,065	10,917	77,982
Telephone	21,962	3,575	25,537
Insurance	16,453	2,678	19,131
Postage	19,453	3,167	22,620
Office expense	5,939	967	6,906
Professional fees	0	27,615	27,615
Advertising & promotion	1,348,437	0	1,348,437
Community development & grants	357,746	0	357,746
Printing	13,639	0	13,639
Conferences, seminars & travel	28,264	0	28,264
Dues & subscriptions	31,252	0	31,252
Van expenses	21,582	0	21,582
Depreciation	68,227	11,107	79,334
Total functional expense	\$ <u>2,954,680</u>	\$ <u>321,977</u>	\$ <u>3,276,657</u>

(See accompanying notes to financial statements)

## HAMILTON COUNTY TOURISM, INC.

### Notes To Financial Statements

December 31, 2015 & 2014

#### Note 1 - Organization and Summary of Significant Accounting Policies:

- (a) Organization:  
The Hamilton County Tourism, Inc., formerly known as the Hamilton County Convention and Visitors Bureau, Inc. (the "Bureau") was incorporated under the laws of the state 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 and improvement 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 3 - 39 years.
- (d) Income Tax:  
The Internal Revenue Service has determined that the organization 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 organization considers all highly liquid investments available for current use with an initial maturity of twelve months or less to be cash equivalents.

HAMILTON COUNTY TOURISM, INC.

Notes To Financial Statements

December 31, 2015 & 2014

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

(f) Estimates and Subsequent Events:

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. During the preparation of these statements, subsequent events were evaluated through August 18, 2016, the date of issuance of the financial statements. The date of management review of the financial statements is August 24, 2016.

(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 \$3,497,387 for 2015, which represented 95.95% of the total revenue of the organization. The revenue for 2014, amounted to \$3,033,092, which represented 94.13% of the total revenue for the 2014 year.

Note 3 - Accounting and Budget:

The organization 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:

As of December 12, 2006, the Bureau began leasing additional office space in Carmel, Indiana in a building owned by Hamilton County. The lease 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 \$30,384 classified as a current asset in 2015. The rent expense on this space for 2015 and 2014, amounted to \$30,068 for each year. Additional space is leased in Carmel, Indiana from the Carmel OTS, LLC. The lease began in 2008 and has a monthly rent payable in the amount of \$2,735.

In addition to office space, the organization leases other vehicles and some office equipment from various vendors. The payments on these leases has been deducted in these statements as operating leases. The leases have future payments in the amounts of \$23,313 due in 2016, payments of \$11,107 due in 2017, payments of \$6,099 due in 2018 and payments of \$398 due in 2019.

HAMILTON COUNTY TOURISM, INC.

Notes To Financial Statements

December 31, 2015 & 2014

Note 5 - Pension Plan:

In 2011, the organization began making contributions to a qualified retirement plan for all employees who met the basic requirements for plan coverage. Total contributions to the plan for 2015 amounted to \$45,956 and contributions for 2014 amounted to \$36,403.

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.

Note 7 – Prepaid Rent & Expenses:

Amounts are presented as follows:

	12/31/15	12/31/14
Prepaid Rent	\$ 30,384	\$ 31,920
Prepaid Promotion & Expenses	<u>121,275</u>	<u>93,999</u>
Total Prepaid Rent & Expenses	\$ <u>151,659</u>	\$ <u>125,919</u>

Note 8 - Concentration of Credit Risk:

Funds deposited at the Old National Bank, Evansville, Indiana amounted to \$485,401 at December 31, 2015 and those same accounts contained funds in the amount of \$295,030 in 2014.