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January 25, 2018

Board of Directors
The Convention and Visitors Bureau of Monroe County, Inc.
2855 N. Walnut Street
Bloomington, IN 47404

We have reviewed the report prepared by The Convention and Visitors Bureau of Monroe County, Inc. and opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Report of Independent Auditors* 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, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., 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, CPA
State Examiner

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

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

(MODIFIED CASH BASIS)

DECEMBER 31, 2016 AND 2015

CPAs / ADVISORS



THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

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DECEMBER 31, 2016 AND 2015

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REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements – modified cash basis of The Convention and Visitors Bureau of Monroe County, Inc. (the “Organization”) which comprise the statements of financial position – modified cash basis as of December 31, 2016 and 2015, and the related statements of activities – modified cash basis and cash flows – modified cash basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 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 Organization as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blue & Co., LLC

Seymour, Indiana

March 13, 2017

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Cash	\$ 296,026	\$ 252,197
Inventory	3,228	4,298
Restricted cash	<u>12,067</u>	<u>26,759</u>
	<u>\$ 311,321</u>	<u>\$ 283,254</u>

LIABILITIES AND NET ASSETS

Liabilities

Withheld sales and payroll taxes	\$ 1,110	\$ 930
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Net assets

Unrestricted net assets	283,894	255,565
Temporarily restricted net assets	<u>26,317</u>	<u>26,759</u>
Total net assets	<u>310,211</u>	<u>282,324</u>
	<u>\$ 311,321</u>	<u>\$ 283,254</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, 2016
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE
 YEAR ENDED DECEMBER 31, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and support				
Commission	\$ 1,477,963	\$ -0-	\$ 1,477,963	\$ 1,368,484
Contributions	28,000	14,250	42,250	32,750
Retail sales	10,532	-0-	10,532	7,528
Visitors guide ad sales	105,931	-0-	105,931	132,216
Hotel rebate income	5,266	-0-	5,266	10,133
Sporting event fees	39	-0-	39	59,458
Interest income	11	-0-	11	16
Miscellaneous	654	-0-	654	494
Net assets released from restrictions	<u>14,692</u>	<u>(14,692)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and support	<u>1,643,088</u>	<u>(442)</u>	<u>1,642,646</u>	<u>1,611,079</u>
Expenses				
Convention and promotion	454,517	-0-	454,517	455,751
Tourism development	761,240	-0-	761,240	648,232
Management and general	<u>399,002</u>	<u>-0-</u>	<u>399,002</u>	<u>378,169</u>
Total expenses	<u>1,614,759</u>	<u>-0-</u>	<u>1,614,759</u>	<u>1,482,152</u>
Change in net assets	28,329	(442)	27,887	128,927
Net assets, beginning of year	<u>255,565</u>	<u>26,759</u>	<u>282,324</u>	<u>153,397</u>
Net assets, end of year	<u>\$ 283,894</u>	<u>\$ 26,317</u>	<u>\$ 310,211</u>	<u>\$ 282,324</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, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Commission	\$ 1,368,484	\$ -0-	\$ 1,368,484
Contributions	32,750	-0-	32,750
Retail sales	7,528	-0-	7,528
Visitors guide ad sales	132,216	-0-	132,216
Hotel rebate income	10,133	-0-	10,133
Sporting event fees	59,458	-0-	59,458
Interest income	16	-0-	16
Miscellaneous	494	-0-	494
Net assets released from restrictions	<u>10,945</u>	<u>(10,945)</u>	<u>-0-</u>
Total revenues and support	1,622,024	(10,945)	1,611,079
Expenses			
Convention and promotion	455,751	-0-	455,751
Tourism development	648,232	-0-	648,232
Management and general	<u>378,169</u>	<u>-0-</u>	<u>378,169</u>
Total expenses	<u>1,482,152</u>	<u>-0-</u>	<u>1,482,152</u>
Change in net assets	139,872	(10,945)	128,927
Net assets, beginning of year	<u>115,693</u>	<u>37,704</u>	<u>153,397</u>
Net assets, end of year	<u><u>\$ 255,565</u></u>	<u><u>\$ 26,759</u></u>	<u><u>\$ 282,324</u></u>

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating activities		
Change in net assets	\$ 27,887	\$ 128,927
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Inventory	1,070	2,631
Withheld sales and payroll taxes	<u>180</u>	<u>61</u>
Net cash flows from operating activities	29,137	131,619
Investing activities		
Change in restricted cash	<u>14,692</u>	<u>10,945</u>
Net change in cash	43,829	142,564
Cash, beginning of year	<u>252,197</u>	<u>109,633</u>
Cash, end of year	<u>\$ 296,026</u>	<u>\$ 252,197</u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

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, 2016 AND 2015

Restricted Cash

Restricted cash includes monies received for the Community Wayfinder program at December 31, 2016 and 2015.

Basis of Presentation

Net assets and revenues, support, 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 \$202,469 and \$149,773 for the years ended December 31, 2016 and 2015, 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. While the methods of allocation are considered appropriate, other methods could produce different results.

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.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recently Issued Accounting Standards

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization is not required to adopt until its year ending December 31, 2018, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This ASU completes the first phase of a two-phase project to amend not-for-profit financial reporting requirements.

The Organization is presently evaluating the effects that this ASU will have on its future financial statements, including related disclosures.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is March 13, 2017.

2. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets at December 31 are available for the following:

	<u>2016</u>	<u>2015</u>
Community Wayfinder Program	\$ 12,067	\$ 26,759
Future Sporting Events	<u>14,250</u>	<u>-0-</u>
	<u>\$ 26,317</u>	<u>\$ 26,759</u>

Temporarily restricted net assets released from restrictions due to satisfaction of purpose restrictions related to the Community Wayfinder Program during the years ended December 31, 2016 and 2015, were \$14,692 and \$10,945, respectively.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

3. OPERATING LEASES

Noncancellable operating leases for various items of equipment expire in various years through July 2021. 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, 2016 and 2015 was \$12,168 and \$11,730, respectively.

Future minimum lease payments subsequent to December 31, 2016 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 5,908
2018	5,016
2019	4,368
2020	4,152
2021	<u>2,422</u>
	<u>\$ 21,866</u>

4. 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. Retirement plan expense was \$22,841 and \$23,156 for the years ended December 31, 2016 and 2015, respectively.

5. STATE, COUNTY, AND LOCAL FUNDING

In compliance with the Indiana State Board of Accountant's Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, state, local, and county funding must be disclosed for the current year. During 2016, the Organization received the following:

<u>Grantor</u>	
County	
Innskeeper Tax	<u>\$ 1,477,963</u>
Total county awards	<u>\$ 1,477,963</u>

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

6. COMMITMENT

In 2016, the Organization entered an agreement with a company for the development and hosting of the Organization's website. The agreement is effective for three years, through March 2019. Future payments per the agreement total \$34,100 per year.

7. CONCENTRATIONS

The Organization maintains its cash in bank accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. Management does not believe a significant credit risk on cash exists.

During 2016 and 2015, the Organization received 90 and 85 percent of its revenues from the Indiana Uniform County Innkeeper Tax, respectively.

SUPPLEMENTARY INFORMATION

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

SCHEDULES OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016				2015			
	Convention and Promotion	Tourism Development	Management and General	Total	Convention and Promotion	Tourism Development	Management and General	Total
Salaries, wages, and payroll taxes	\$ 163,159	\$ 163,159	\$ 217,546	\$ 543,864	\$ 161,709	\$ 161,709	\$ 215,612	\$ 539,030
Employee benefits	33,734	33,735	44,980	112,449	31,998	31,997	42,663	106,658
Programs and activities	87,475	71,570	-0-	159,045	112,501	92,047	-0-	204,548
Supplies	3,698	3,698	7,396	14,792	3,296	3,296	6,593	13,185
Travel and training	13,689	14,545	285	28,519	11,787	12,524	246	24,557
Maintenance	-0-	-0-	65,569	65,569	-0-	-0-	27,005	27,005
Utilities	-0-	-0-	8,440	8,440	-0-	-0-	8,313	8,313
Advertising	-0-	202,469	-0-	202,469	-0-	149,773	-0-	149,773
Insurance	590	589	13,558	14,737	755	756	17,377	18,888
Professional services	-0-	-0-	17,723	17,723	-0-	-0-	12,652	12,652
Printing and publications	36,918	110,754	-0-	147,672	7,963	23,890	-0-	31,853
Postage	69	413	206	688	152	913	456	1,521
Public relations	14,070	44,557	-0-	58,627	16,083	50,930	-0-	67,013
Office equipment	-0-	-0-	5,864	5,864	-0-	-0-	19,600	19,600
Telephone	1,971	1,913	1,913	5,797	1,937	1,881	1,881	5,699
Retail store cost of sales	4,178	4,179	-0-	8,357	3,152	3,152	-0-	6,304
Visitors guide ad cost of sales	35,818	35,819	-0-	71,637	38,338	38,338	-0-	76,676
Web development	51,477	51,477	-0-	102,954	20,744	20,744	-0-	41,488
Marketing research	4,556	4,557	-0-	9,113	38,511	38,511	-0-	77,022
Technology supplies and services	-0-	-0-	12,180	12,180	-0-	-0-	20,140	20,140
Professional development	3,115	3,114	1,557	7,786	6,825	6,826	3,413	17,064
Miscellaneous	-0-	-0-	1,785	1,785	-0-	-0-	2,218	2,218
Community Wayfinder program	-0-	14,692	-0-	14,692	-0-	10,945	-0-	10,945
	<u>\$ 454,517</u>	<u>\$ 761,240</u>	<u>\$ 399,002</u>	<u>\$ 1,614,759</u>	<u>\$ 455,751</u>	<u>\$ 648,232</u>	<u>\$ 378,169</u>	<u>\$ 1,482,152</u>

See Report of Independent Auditors on pages 1 and 2.