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January 29, 2018

Board of Directors
Marion Grant County Convention and Visitors Bureau, Inc.
P.O. Box 1327
Marion, IN 46952

We have reviewed the report prepared by Marion Grant County Convention and Visitors Bureau, Inc. and opined upon by Dulin, Ward, & DeWald, Inc., Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Marion Grant County Convention and Visitors Bureau, 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, Dulin, Ward, & DeWald, Inc. 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

**MARION GRANT COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Marion Grant County Convention and Visitors Bureau, Inc.
Marion, Indiana

We have audited the accompanying financial statements of Marion Grant County Convention and Visitors Bureau, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2016 and 2015, and the related statements of support, revenue, expenses and change in net assets – 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 as described in Note 1; this includes determining that the modified cash basis of accounting in 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.

Auditors' 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 of 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 auditors' judgment, including the assessment of the risks of material misstatements 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 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 assets, liabilities, and net assets of Marion Grant County Convention and Visitors Bureau, Inc. as of December 31, 2016 and 2015, and its support, revenue and expenses 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 10-11 are presented for purpose of additional analysis and are 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 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.



Fort Wayne, Indiana
March 14, 2017

MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 357,197	\$ 341,249
Fixed assets - net	<u>10,908</u>	<u>14,336</u>
Total Assets	<u><u>\$ 368,105</u></u>	<u><u>\$ 355,585</u></u>
LIABILITIES AND NET ASSETS		
Payroll withholding and accruals	\$ 2,594	\$ 2,342
Net Assets:		
Unrestricted	<u>365,511</u>	<u>353,243</u>
Total Liabilities and Net Assets	<u><u>\$ 368,105</u></u>	<u><u>\$ 355,585</u></u>

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

MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND CHANGE IN NET ASSETS -
MODIFIED CASH BASIS
Years Ended December 31, 2016 and 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
Support and Revenue:		
Grant County Innkeepers Tax	\$ 402,578	\$ 407,084
Investment income	265	332
Total Support and Revenue	402,843	407,416
Expenses:		
Program services	331,688	521,840
Management and general	58,887	60,151
Total Expenses	390,575	581,991
CHANGE IN UNRESTRICTED NET ASSETS	12,268	(174,575)
NET ASSETS - beginning of year	353,243	527,818
NET ASSETS - end of year	\$ 365,511	\$ 353,243

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

MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 12,268	\$ (174,575)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	3,428	4,744
Changes in assets and liabilities:		
Increase (decrease) in:		
Payroll withholdings and accruals	<u>252</u>	<u>(548)</u>
Cash Flows From Operating Activities	<u>15,948</u>	<u>(170,379)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,948	(170,379)
CASH AND CASH EQUIVALENTS - beginning of year	<u>341,249</u>	<u>511,628</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 357,197</u></u>	<u><u>\$ 341,249</u></u>

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

MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Marion Grant County Convention and Visitors Bureau, Inc. (the Organization) is a non-profit organization located in Marion, Indiana, Grant County. The Organization was formed to promote and develop the tourism industry in Grant County for the economic growth of the community.

Pursuant to I.C. 6-9-18, the Grant County Convention, Recreation and Visitors Commission (Commission) serves as the Board of Directors of the Organization. As such, the Commission has both control and economic interest in the Organization. Consequently, the Organization is considered a wholly owned subsidiary of the Commission. These financial statements present only the financial position, changes in net assets and cash flows of the Organization.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(4) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Estimates

The process of preparing financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Basis of Accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis include recognition of fixed assets and related depreciation and payroll tax withholdings. This basis differs from generally accepted accounting principles primarily because the Organization has not recognized accounts payable and accruals and their related effects on earnings in the accompanying financial statements.

Fixed Assets

Fixed assets are stated at cost or, if donated, at fair value at the date of the gift. All items with a cost in excess of \$2,000 and a useful life in excess of five years are capitalized. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets.

Contributions

All contributions are considered to be available for the general operations of the Organization unless specifically restricted by the donor. Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the 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. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of activities.

Subsequent Events

Management has evaluated subsequent events through March 14, 2017, the date which the financial statements were available for issue.

2. FIXED ASSETS

The components of fixed assets are as follows:

	2016	2015
Office equipment	\$ 7,907	\$ 7,907
Furniture	1,080	1,080
Leasehold improvements	13,928	13,928
Software and website development	<u>16,497</u>	<u>16,497</u>
	39,412	39,412
Accumulated depreciation	<u>28,504</u>	<u>25,076</u>
	<u>\$ 10,908</u>	<u>\$ 14,336</u>

3. OPERATING LEASES

The Organization leases a vehicle under an operating lease expiring in 2017. Monthly payments are \$304 and rental expense under the noncancelable lease was \$3,651 for both 2016 and 2015.

In addition, the Organization entered into a noncancelable operating lease in 2016 for office space. The lease, which expires in 2019, requires annual payments of \$3,600. Total rental expense under the noncancelable lease was \$3,600 for 2016.

Minimum future rental payments under the noncancelable operating leases as of December 31, 2016 for each of the next five years and in the aggregate are as follows:

2017	\$ 7,251
2018	5,121
2019	600
2020 and thereafter	<u>-</u>
Total lease commitments	<u>\$ 12,972</u>

In addition, the Organization leases office space on a month-to-month basis. Total rental expense under cancelable operating leases was \$7,200 for 2016 and \$10,800 for 2015.

4. ADVERTISING

Advertising costs are charged to operations as incurred and totaled \$106,751 for 2016 and \$96,825 for 2015.

5. RETIREMENT PLAN

The Organization has a defined contribution plan. Contributions to the plan are made for eligible employees. Contributions are 3% of the participant’s compensation limited by the amount of employee contributions. Employee benefit expense under this plan was \$1,304 for 2016 and \$1,733 for 2015.

6. RELATED PARTY

Activities with the Grant County Convention, Recreation, and Visitors Commission includes the following:

	2016	2015
Receipt of Grant County innkeepers tax	<u>\$ 402,578</u>	<u>\$ 407,084</u>

7. CREDIT RISK AND CONCENTRATIONS

The Marion Grant County Convention and Visitors Bureau, Inc. maintains its cash at local banks. These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2016, deposits in excess of the insured amount totaled \$74,424.

The Marion Grant County Convention and Visitors Bureau, Inc. received over 99% of its revenue from Grant County, Indiana from collections of innkeepers tax. The innkeepers tax collected is distributed to the Organization by the Grant County Convention, Recreation, and Visitors Commission under an agreement which may be terminated by either party with 30 days notice.

8. COMMITMENTS

During 2016, the Organization entered into a contract for marketing services for 2017. The total contract amount is \$20,700 of which none has been paid as of December 31, 2016.

MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.
SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Year Ended December 31, 2016

	Program Services	Management and General	Total
Salaries	\$ 40,774	\$ 33,360	\$ 74,134
Payroll taxes	3,266	2,672	5,938
Employee benefits	1,311	1,073	2,384
	<hr/>	<hr/>	<hr/>
Total Salaries and Related and Related Expenses	45,351	37,105	82,456
Attraction development and program costs	142,138	-	142,138
Advertising and promotion	106,751	-	106,751
Professional fees	19,250	6,858	26,108
Occupancy	6,760	5,530	12,290
Automobile	3,209	2,625	5,834
Dues, subscriptions and permits	2,112	1,728	3,840
Office supplies	1,543	1,263	2,806
Telephone	1,434	1,173	2,607
Postage	628	515	1,143
Meals and entertainment	572	467	1,039
Miscellaneous	55	45	100
Repairs and maintenance	-	35	35
	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	329,803	57,344	387,147
Depreciation expense	1,885	1,543	3,428
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 331,688</u>	<u>\$ 58,887</u>	<u>\$ 390,575</u>

See independent auditors' report.

MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.
SCHEDULE OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Year Ended December 31, 2015

	Program Services	Management and General	Total
Salaries	\$ 41,045	\$ 33,582	\$ 74,627
Payroll taxes	3,430	2,807	6,237
Employee benefits	1,400	1,145	2,545
	<hr/>	<hr/>	<hr/>
Total Salaries and Related and Related Expenses	45,875	37,534	83,409
Attraction development and program costs	329,465	-	329,465
Advertising and promotion	96,825	-	96,825
Professional fees	29,155	5,787	34,942
Occupancy	6,770	5,540	12,310
Automobile	3,519	2,880	6,399
Dues, subscriptions and permits	2,936	2,402	5,338
Office supplies	1,098	898	1,996
Telephone	1,531	1,252	2,783
Postage	870	712	1,582
Meals and entertainment	1,107	906	2,013
Miscellaneous	80	65	145
Repairs and maintenance	-	40	40
	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	519,231	58,016	577,247
Depreciation expense	2,609	2,135	4,744
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 521,840</u>	<u>\$ 60,151</u>	<u>\$ 581,991</u>

See independent auditors' report.