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February 2, 2018

Board of Directors  
Evansville Convention & Visitors Bureau  
401 S.E. Riverside  
Evansville, IN 47113

We have reviewed the report prepared by Evansville Convention & Visitors Bureau and opined upon by Timothy J. Otte, CPA, PC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Evansville Convention & Visitors Bureau 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, Timothy J. Otte, CPA, PC 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

Timothy J.  Otte CPA, PC

**EVANSVILLE CONVENTION AND VISITORS BUREAU  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

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**EVANSVILLE CONVENTION AND VISITORS BUREAU  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Evansville Convention and Visitors Bureau  
Evansville, Indiana 47713

We have audited the accompanying financial statements of Evansville Convention and Visitors Bureau, 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 revenue and expenses- 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 misstatements, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 assets, liabilities and net assets of Evansville Convention and Visitors Bureau as of December 31, 2016 and 2015, and its revenues 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 describe 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.

Timothy J. Otte, C.P.A., P.C.

*Timothy J Otte CPA PC*

Evansville, Indiana

June 15, 2017

**EVANSVILLE CONVENTION AND VISITORS BUREAU  
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS  
MODIFIED CASH BASIS  
DECEMBER 31, 2016 and 2015**

**ASSETS**

	2016	2015
<b>Current Assets</b>		
Cash & Cash Equivalents- Operational	\$ 880,957	\$ 1,453,546
Cash & Cash Equivalents- Capital Development	5,585,312	5,054,491
Certificate of Deposit- Operational	351,157	351,157
Certificate of Deposits- Capital Development	509,366	508,238
Accounts Receivable- Casino Admission Tax	153,809	135,585
Due from Evansville Visitors Center	229	-
Total Current Assets	<u>\$ 7,480,830</u>	<u>\$ 7,503,017</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Encumbrances	\$ 602,000	\$ 332,010
Due to Visitors Center	-	213
Accruals	5,593	4,827
Total Liabilities	<u>607,593</u>	<u>337,050</u>
<b>Net Assets</b>		
Tourism Promotional	1,243,887	1,141,485
Capital Development	5,629,350	6,024,483
Total Net Assets	<u>6,873,237</u>	<u>7,165,968</u>
Total Liabilities and Net Assets	<u>\$ 7,480,830</u>	<u>\$ 7,503,017</u>

See notes to financial statements

**EVANSVILLE CONVENTION AND VISITORS BUREAU**  
**STATEMENT OF REVENUE AND EXPENSES- MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Tourism Promotional</u>	<u>Capital Development</u>	<u>2016 Total</u>
<b>REVENUE</b>			
Innkeeper Tax	\$ 1,412,638	\$ 1,977,693	\$ 3,390,330
Tropicana Admission Tax	202,200	-	202,200
Interest Income	1,123	5,107	6,229
Total Revenue	<u>1,615,960</u>	<u>1,982,799</u>	<u>3,598,759</u>
<b>EXPENSES</b>			
Convention Sales	75,701	-	75,701
Community Relations	8,308	-	8,308
Public Relations	1,897	-	1,897
Sports Sales	50,591	-	50,591
Advertising	368,707	-	368,707
Special Events Grants	120,177	-	120,177
Postage & Freight	11,383	-	11,383
Research	25,973	-	25,973
Dues & Subscriptions	13,833	-	13,833
Seminars & Education	45	-	45
Travel/Mileage	51,227	-	51,227
Contractual Services	536,597	-	536,597
Furniture and Fixtures	1,173	-	1,173
Office Machines	2,957	-	2,957
Office Supplies	7,534	-	7,534
Auto- Lease	4,692	-	4,692
Insurance	21,302	-	21,302
Legal Fees	33,221	-	33,221
Telephone	11,053	-	11,053
Wages, Taxes & Fringes	499,197	-	499,197
Children's Museum of Evansville	-	245,000	245,000
Pagoda Repairs	-	173,000	173,000
New Convention Hotel	-	200,000	200,000
Wesselman Woods Improvements	-	50,000	50,000
Sports Complex	-	1,107,932	1,107,932
Total Expenses	<u>1,845,568</u>	<u>1,775,932</u>	<u>3,621,500</u>
<b>CHANGE IN NET ASSETS</b>	(229,608)	206,867	(22,741)
<b>NET ASSETS- beginning of year</b>	<u>1,473,495</u>	<u>5,422,483</u>	<u>6,895,978</u>
<b>NET ASSETS- end of year</b>	<u>\$ 1,243,887</u>	<u>\$ 5,629,350</u>	<u>\$ 6,873,237</u>

See notes to financial statements

**EVANSVILLE CONVENTION AND VISITORS BUREAU**  
**STATEMENT OF REVENUE AND EXPENSES- MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Tourism Promotional</u>	<u>Capital Development</u>	<u>2015 Total</u>
<b>REVENUE</b>			
Innkeeper Tax	\$ 1,363,157	\$ 1,908,420	\$ 3,271,578
Tropicana Admission Tax	202,200	-	202,200
Interest Income	2,277	5,206	7,483
Total Revenue	<u>1,567,635</u>	<u>1,913,626</u>	<u>3,481,261</u>
<b>EXPENSES</b>			
Conventions Sales	83,393	-	83,393
Community Relations	9,271	-	9,271
Public Relations	2,076	-	2,076
Sports Sales	30,598	-	30,598
Advertising	312,977	-	312,977
Special Events Grants	69,747	-	69,747
Postage & Freight	11,802	-	11,802
Research	7,300	-	7,300
Dues & Subscriptions	13,833	-	13,833
Seminars & Education	1,769	-	1,769
Travel/Mileage	45,942	-	45,942
Bank Charges	29	-	29
Contractual Services	384,114	-	384,114
Furniture and Fixtures	897	-	897
Office Machines	11,579	-	11,579
Office Supplies	7,295	-	7,295
Auto- Lease	7,752	-	7,752
Insurance	20,014	-	20,014
Legal Fees	21,149	-	21,149
Telephone	11,044	-	11,044
Wages, Taxes & Fringes	489,025	-	489,025
New Convention Hotel	-	200,000	200,000
Gateway Beautification	-	50,000	50,000
Improvements	-	102,570	102,570
Sports Complex	-	1,383,246	1,383,246
Mesker Park Zoo- Capital Fund	-	300,000	300,000
Total Expenses	<u>1,541,605</u>	<u>2,035,816</u>	<u>3,577,422</u>
<b>CHANGE IN NET ASSETS</b>	26,029	(122,190)	(96,161)
<b>NET ASSETS- beginning of year</b>	<u>1,115,456</u>	<u>6,146,673</u>	<u>7,262,129</u>
<b>NET ASSETS- end of year</b>	<u>\$ 1,141,485</u>	<u>\$ 6,024,483</u>	<u>\$ 7,165,968</u>

See notes to financial statements

**Evansville Convention and Visitors Bureau  
Notes to Financial Statements  
December 31, 2016 and 2015**

**NOTE 1- NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Evansville Convention & Visitors Bureau (ECVB) serves as the official tourism organization for Evansville and Vanderburgh County, which markets and supports local hotels and attractions by developing and facilitating the convention and visitors industry in Evansville. The ECVB enhances the economy of the area by selling and marketing the region as the premier destination for conventions, meetings, sports events, recreation and business. The Organization operates with a seven member commission made up of three appointments from the mayor of Evansville and two appointments each from the Vanderburgh County Council and the Vanderburgh County Commissioners. The funding of this operation is primarily with a tax generated on hotel rooms commonly known as the Innkeepers tax, which rates must be approved by the Indiana Legislature. Since the funding is with tax revenues, the County Council must appropriate the funds and approve the annual budget.

**Financial Statement Presentation**

The Organization prepares its financial statements 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. The Organization records revenues from Tropicana Casino on a monthly basis and reduces the receivable when they receive funds from the State. The Organization also records encumbrances at year end which are then recorded as expenses at the time they are encumbered.

**Cash and Cash Equivalents**

For the purpose of the statement of assets, liabilities and net assets, the Organization considers all highly liquid investments, which are readily converted into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At December 31, 2016 and 2015, management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these investments.

**Income Tax Status**

The Organization is exempt from filing federal and state income tax returns since it is a quasi-governmental organization.

**Revenue Recognition**

Revenue from the Innkeepers tax is recognized when received and the estimated funds from the Casino are being recorded monthly as income. Management believes this provides a better representation of revenues since the receipt is sporadic from the State of Indiana as it relates to the Casino admissions tax even though the tax is paid on a monthly basis to the State.

**Evansville Convention and Visitors Bureau  
Notes to Financial Statements  
December 31, 2016 and 2015**

**Use of Estimates**

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

**Advertising**

Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2016 and 2015 were \$368,707 and \$312,977, respectively.

**NOTE 2- RETIREMENT PLAN**

The Organization maintains an employees' Retirement Plan for eligible employees in the form of a SEP-IRA. The Organization contributes 10% of annual compensation into each employee's individual account. Employees may also deposit additional funds either directly or through payroll deductions. The Organization's contribution for the year ended December 31, 2016 and 2015 were \$34,209 and \$33,759, respectively.

**NOTE 3- EXPENDITURES**

If the Organization's expenditures exceed any budgetary line item, they have the ability to transfer unspent funds from any budgeted account, with the exception of any budgeted account related to personnel expenses, to cover the overspent account. This transfer must be reported when submitting year-end financial information provided by the Organization's accounting firm to the County Council and County Auditor.

**NOTE 4- CONCENTRATIONS**

The Organization has deposits at local financial institutions which are in excess of the insured limits of the Federal Deposit Insurance Corporation (FDIC). These deposits exceeded available insurance by \$6,326,592 at December 31, 2016 and \$6,367,182 at December 31, 2015. These financial institutions have not made any guarantees on these deposits in addition to the FDIC guarantee.

**NOTE 5- RELATED PARTY**

The Organization pays the Evansville Visitors Center, Inc. a monthly stipend of \$10,000. This stipend is used to fund the Visitors Centers operations and to provide office space for the Organization. In addition, the Visitor Center is reimbursed for expenses attributed to the Organization. The Visitors Center and the Organization also have a common governance board.

**Evansville Convention and Visitors Bureau**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

**NOTE 6 - SCHEDULE OF REVENUE- SBOA**

The following is a schedule of revenue as required by the State Board of Accounts (SBOA) prepared on a cash basis.

	<u><b>Tourism</b></u>	<u><b>Capital Develop.</b></u>	<u><b>2016 Total</b></u>
Innkeepers Tax	\$ 1,412,638	\$ 1,977,693	\$ 3,390,330
Tropicana Admission Tax	183,976	-	183,976
	<u>\$ 1,596,613</u>	<u>\$ 1,977,693</u>	<u>\$ 3,574,306</u>
	<u><b>Tourism</b></u>	<u><b>Capital Develop.</b></u>	<u><b>2015 Total</b></u>
Innkeepers Tax	\$ 1,363,157	\$ 1,908,420	\$ 3,271,578
Tropicana Admission Tax	232,371	-	232,371
	<u>\$ 1,595,528</u>	<u>\$ 1,908,420</u>	<u>\$ 3,503,949</u>

**NOTE 7 - ENCUMBRANCES**

The Organization provides a balance sheet compiled by their accounting firm to the County Auditor and can request that the County Auditor approve the encumbrance of unspent budgeted funds at the year end. The unspent funds, if approved, are then encumbered and they can be spent in addition to the budgeted funds during the next budgetary period.

A summary of the funds encumbered at December 31, 2016 and 2015 are as follows:

<u>Description</u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Tourism Related Expenses	\$ -	\$ 245,772
General Administrative	-	86,238
Capital Devel.- Sports Complex	602,000	-
	<u>\$ 602,000</u>	<u>\$ 332,010</u>

**Evansville Convention and Visitors Bureau  
Notes to Financial Statements  
December 31, 2016 and 2015**

**NOTE 8- COMMITMENTS**

The Organization recently completed construction of a \$16.5 million-dollar softball/baseball complex on Evansville's East side. This state-of-the-art facility generates overnight visitation to the Evansville community, which benefits not only the hotel and lodging facilities but other service industries in Evansville, such as restaurants, attractions, gas stations, etc. The Park attracts an estimated 180-200,000 new visitors a year into our community. The overall economic impact of this park should eventually produce an estimated \$13-16 million annually in direct expenditures. The Organization is currently allocating \$200,000 annually as an operating subsidy to the Evansville Sports Complex to make sure it has solid footing to be a successful facility, and carries a \$1.1 million debt service paid through Capital Improvement funding. The Organization and the Evansville Sports Complex Operations Corporation has a common governance board.

**NOTE 9- SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and transactions through June 15, 2017, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.