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February 6, 2018

Board of Directors
Anderson/Madison County Visitors and Convention Bureau, Inc.
6335 S. Scatterfield Road
Anderson, IN 46013

We have reviewed the report prepared by Anderson/Madison County Visitors and Convention Bureau, Inc. and opined upon by Stewart, Peck, Hueston & Thomas, LLC, 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 Anderson/Madison County Visitors and Convention 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, Stewart, Peck, Hueston & Thomas, 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

**Anderson/Madison County Visitors and
Convention Bureau, Inc.**
Anderson, Indiana

Financial Statements
December 31, 2016 and 2015

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Independent Auditors' Report

Board of Directors
Anderson/Madison County Visitors and Convention Bureau, Inc.
Anderson, Indiana

We have audited the accompanying financial statements of the Anderson / Madison County Visitors and Convention Bureau, Inc. (a nonprofit organization) which comprise the statements of assets, liabilities, and net assets (Modified Cash Basis) as December 31, 2016 and 2015, and the related statements of support, revenue and expenses (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 2; 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 audit 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 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 in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of Anderson / Madison County Visitors and Convention Bureau, Inc. as of December 31, 2016 and 2015, and its revenues and expenses and net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 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.

Stewart, Peck, Hueston & Thomas, LLC

December 14, 2017

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Anderson/Madison County Visitors and Convention Bureau, Inc.
Statements of Assets, Liabilities, and Net Assets - (Modified Cash Basis)
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 6,858	\$ 23,097
Total Current Assets	<u>\$ 6,858</u>	<u>\$ 23,097</u>
PROPERTY AND EQUIPMENT		
Land and Improvements	\$ 4,500	\$ 4,500
Buildings and Improvements	890,396	847,836
Furniture and Equipment	218,861	216,517
Transportation Equipment	18,985	18,985
	<u>\$ 1,132,742</u>	<u>\$ 1,087,838</u>
Less: Accumulated Depreciation	(518,853)	(467,860)
Net Property and Equipment	<u>\$ 613,889</u>	<u>\$ 619,978</u>
TOTAL ASSETS	<u>\$ 620,747</u>	<u>\$ 643,075</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Payroll Tax Liabilities	\$ 1,219	\$ 929
Total Current Liabilities	<u>\$ 1,219</u>	<u>\$ 929</u>
Total Liabilities	<u>\$ 1,219</u>	<u>\$ 929</u>
NET ASSETS		
Unrestricted Net Assets	\$ 619,528	\$ 642,146
Temporarily Restricted Net Assets	-	-
Permanently Restricted Net Assets	-	-
Total Net Assets	<u>\$ 619,528</u>	<u>\$ 642,146</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 620,747</u>	<u>\$ 643,075</u>

See auditors' report and accompanying notes to the financial statements.

Anderson/Madison County Visitors and Convention Bureau, Inc.
Statements of Support, Revenue and Expenses and Changes
In Net Assets - (Modified Cash Basis)
For the Years ended December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds
<u>PUBLIC SUPPORT AND REVENUE</u>								
Public Support:								
Commission Contract	\$ 530,000	\$ 55,763	\$ -	\$ 585,763	\$ 525,000	\$ 67,403	\$ -	\$ 592,403
	<u>\$ 530,000</u>	<u>\$ 55,763</u>	<u>\$ -</u>	<u>\$ 585,763</u>	<u>\$ 525,000</u>	<u>\$ 67,403</u>	<u>\$ -</u>	<u>\$ 592,403</u>
Revenue:								
Gain/(loss) on fixed assets	\$ -	\$ -	\$ -	\$ -	\$ (264)	\$ -	\$ -	\$ (264)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (264)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (264)</u>
Net Assets Released From Restrictions	\$ 55,763	\$ (55,763)	\$ -	\$ -	\$ 67,403	\$ (67,403)	\$ -	\$ -
	<u>\$ 55,763</u>	<u>\$ (55,763)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,403</u>	<u>\$ (67,403)</u>	<u>\$ -</u>	<u>\$ -</u>
Total Support and Revenue	<u>\$ 585,763</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 585,763</u>	<u>\$ 592,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,139</u>
<u>EXPENSES</u>								
Program Expenses:								
Promotions	\$ 434,923	\$ -	\$ -	\$ 434,923	\$ 394,898	\$ -	\$ -	\$ 394,898
Operations	97,629	-	-	97,629	104,398	-	-	104,398
	<u>\$ 532,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,552</u>	<u>\$ 499,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,296</u>
Supporting Services:								
Management and General	\$ 75,829	\$ -	\$ -	\$ 75,829	\$ 65,680	\$ -	\$ -	\$ 65,680
Fund Raising	-	-	-	-	-	-	-	-
Total Supporting Services	<u>\$ 75,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,829</u>	<u>\$ 65,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,680</u>
Total Expenses	<u>\$ 608,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,381</u>	<u>\$ 564,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 564,976</u>
<u>CHANGE IN NET ASSETS</u>	<u>\$ (22,618)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,618)</u>	<u>\$ 27,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,163</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>642,146</u>	<u>-</u>	<u>-</u>	<u>642,146</u>	<u>614,983</u>	<u>-</u>	<u>-</u>	<u>614,983</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 619,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 619,528</u>	<u>\$ 642,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 642,146</u>

See auditors' report and accompanying notes to the financial statements.

Anderson/Madison County Visitors and Convention Bureau, Inc.
Statements of Cash Flows - (Modified Cash Basis)
For the Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>CASH FLOW FROM OPERATIONS</u>		
Change in net assets	\$ (22,618)	\$ 27,163
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	50,993	53,066
(Gain) loss on sale of fixed assets	-	264
Changes in working capital accounts:		
Accrued liabilities	<u>290</u>	<u>(6,526)</u>
Net cash provided (used) by operating activities	<u>\$ 28,665</u>	<u>\$ 73,967</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(44,904)</u>	<u>(64,015)</u>
Net cash provided (used) by investing activities	<u>\$ (44,904)</u>	<u>\$ (64,015)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Principal payments on long-term debt	<u>\$ -</u>	<u>\$ -</u>
Net cash provided (used) by financing activities	<u>\$ -</u>	<u>\$ -</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	\$ (16,239)	\$ 9,952
<u>CASH AT BEGINNING OF YEAR</u>	<u>23,097</u>	<u>13,145</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 6,858</u>	<u>\$ 23,097</u>

See auditors' report and accompanying notes to the financial statements.

Anderson/Madison County Visitors and Convention Bureau, Inc.

Notes to Financial Statements

1. Description of Organization

The Anderson/Madison County Visitors and Convention Bureau, Inc. (the Bureau), a not-for-profit organization, was incorporated in Indiana in 1982, to serve as the working body of the Anderson/Madison County Visitors and Convention Commission (the Commission). The Bureau's function is to promote Anderson and Madison County to visitors and potential conventions, meetings, and sporting events. The main revenue source for the Bureau is an annual funding agreement with the Commission. The Commission receives funds from the Madison County 5% Innkeeper's Tax, levied pursuant to Madison County Ordinance 2-0-82.

2. Summary of Significant Accounting Policies

Basis of Presentation - The Bureau's financial statements have been prepared on the modified cash basis of accounting, which is a basis of accounting different from generally accepted accounting principles. Revenues and expenses of the Bureau are recognized on the basis of cash receipts and disbursements. Accordingly, revenue is recorded when it is received, rather than when it is earned. Similarly, expenses are recognized when paid, instead of when the obligation is incurred.

The financial statements are presented following Financial Accounting Standards Board (FASB) ASC 958-25-45-5, *Financial Statements of Not-for-Profit Organizations*. The Foundation 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.

Unrestricted Net assets: These net assets include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its bylaws.

Temporarily Restricted Net Assets: These net assets include resources that are expendable only for those purposes explicitly specified by the donor. The restrictions are satisfied either by the passage of time or by the actions of the Organization.

Permanently Restricted Net Assets: These net assets include resources subject to donor-imposed restrictions that are maintained permanently by the Organization.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets and spendable earnings from permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Support and Revenue- All contributions are considered available for unrestricted use, unless specifically restricted by the donor.

Donated Materials and Services – During the years ended December 31, 2016 and 2015, volunteers may have contributed significant amounts of time to the Organization. These services do not meet the requirements of recognition in the financial statements in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made* and are not included in the financial statements. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt

Anderson/Madison County Visitors and Convention Bureau, Inc.

Notes to Financial Statements

General - The Bureau 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. 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 statement of activities as net assets released from restrictions. All contributions are considered available for unrestricted use, unless specifically restricted by the donor.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. These funds are held at financial institutions which are insured by agencies of the United States Government.

Property and Equipment - The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$500; the fair value of donated property is similarly capitalized. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets which range primarily from five to eight years for buildings and improvements and four to twenty years for equipment.

Taxes - The Organization is exempt from income tax under Section 501(c)(6) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the code. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 590(a) of the Internal Revenue Code.

The Organization's federal and state exempt organization tax returns for 2013, 2014, and 2015 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

Estimates - 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.

Promotional and Advertising Costs – All promotional and advertising costs are expensed when incurred.

Functional Classification - Expenses are classified according to the functional area to which they primarily relate. Wages are allocated based on estimates of time spent on various activities. The functional areas used to classify expenses are as follows:

<i>Promotions</i>	This functional area is charged with expenses directly identifiable and related to specific events, projects and activities that promote visitors and conventions in Madison County.
<i>Operations</i>	This functional area is charged with all expenses not directly chargeable to Promotion or Administrative categories. Expenses relating to both the managerial administration and promotions are reflected in this category.
<i>Administrative</i>	This functional area is charged with staff compensation not allocated to promotions, related payroll taxes and fringe benefits, interest expense, outside accounting services and the costs of the Bureau's annual meeting.

Anderson/Madison County Visitors and Convention Bureau, Inc.

Notes to Financial Statements

3. Investments

No investments were held at December 31, 2016 and 2015.

4. Land, Building and Equipment

Depreciation expense for the years ended December 31, 2016 and 2015 was \$50,993 and \$53,066, respectively.

5. Permanently Restricted Assets/Endowment Fund

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable. No permanently restricted net assets are currently held by the Bureau.

6. Temporarily Restricted Assets

Temporarily restricted net assets are occasionally received and are held as such until they are released from their restrictions by incurring expenses satisfying the explicit intent of the restriction indicated by the donors. During 2016, special allocations were received from the Commission. The allocations were used for their respective purposes and the funds were thereby released from a restricted status.

8. Retirement Plan

The Bureau has a simplified employee pension plan that covers substantially all employees. The plan covers all employees who are 21 years of age or older and who have completed 6 months of service. The annual contribution is 10% of the eligible employee's compensation. Contributions to the retirement plan totaled \$21,326 and \$21,557 in 2016 and 2015, respectively.

9. Funding Agreement

Under the 2016 funding agreement with the Commission, the Bureau received \$530,000 in regular allocations and an additional \$55,763 in a special commission allocations.

10. Statement of Cash Flows Supplemental Information

For the purpose of the statements of cash flows, the Bureau considers all highly liquid instruments with maturities of three months or less, to be cash equivalents.

The Bureau paid in cash the following amounts for interest and federal income tax:

	<u>2016</u>	<u>2015</u>
Interest	\$ 0	\$ 0
Income taxes	\$ 0	\$ 0

Anderson/Madison County Visitors and Convention Bureau, Inc.**Notes to Financial Statements****11. Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a particular date. Generally accepted accounting principles establishes a fair value hierarchy which requires an organization to maximize observable inputs when measuring fair value. Three levels of inputs may be used to measure fair value as follows:

Level 1: Valuations based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgement.

Level 2: Significant other observable inputs, other than quoted market prices included in Level 1 prices, for similar assets or liabilities: Valuation based on quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Valuations based on inputs that are unobservable and are significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgement. Accordingly, the degree of judgement exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

All investment assets and cash, held at December 31, 2016 and 2015, are valued using Level 1 criteria.

12. Subsequent Events

Management of the Organization has evaluated subsequent events through the report issuance date of January 11, 2018.