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May 22, 2018

Board of Directors  
Visit Indy, Inc.  
200 S. Capitol Avenue, Suite 300  
Indianapolis, IN 46225

We have reviewed the report prepared by Visit Indy, Inc. and opined upon by Greenwalt CPAs, 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 Visit Indy, 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, Greenwalt CPAs, 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*  
Paul D. Joyce, CPA  
State Examiner

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VISIT INDY, INC. AND SUBSIDIARY  
(TOURISM TOMORROW, INC.)  
CONSOLIDATING FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
DECEMBER 31, 2016 AND 2015

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GREENWALT CPAs  
We Deliver Peace of Mind

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Visit Indy, Inc. and Subsidiary:

We have audited the accompanying consolidating financial statements of Visit Indy, Inc. and Subsidiary, Tourism Tomorrow, Inc., (collectively, the Organization), which comprise the consolidating statements of financial position as of December 31, 2016, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

### Management's Responsibility for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 the consolidating 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 consolidating financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources* established by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016, 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.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2015 consolidating financial statements, and we expressed an unmodified audit opinion on those audited consolidating financial statements in our report dated April 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

*Greenwalt CPAs, Inc.*

April 12, 2017

VISIT INDY, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016  
WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2015

ASSETS	Visit Indy, Inc.	Tourism Tomorrow, Inc.	Eliminations	Consolidated Totals	
				2016	2015
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 2,318,018	\$ 787,832	\$ -	\$ 3,105,850	\$ 3,536,226
Accounts receivable:					
Partnership dues	302,458	-	-	302,458	384,824
Intercompany, net	-	82,501	(82,501)	-	-
Convention and event, less allowance for doubtful accounts of \$1,000 and \$748, respectively	339,204	-	-	339,204	65,845
Other, less total allowance for doubtful accounts of \$8,000 and \$4,137, respectively	67,674	254,388	-	322,062	136,713
Grants receivable	75,000	50,000	-	125,000	125,000
Prepayments and other	179,346	8,161	-	187,507	120,874
<i>Total current assets</i>	<u>3,281,700</u>	<u>1,182,882</u>	<u>(82,501)</u>	<u>4,382,081</u>	<u>4,369,482</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>1,057,639</u>	<u>100,737</u>	<u>-</u>	<u>1,158,376</u>	<u>1,345,745</u>
<b>INVESTMENTS</b>	<u>6,240,323</u>	<u>-</u>	<u>-</u>	<u>6,240,323</u>	<u>6,060,418</u>
<i>Total assets</i>	<u>\$ 10,579,662</u>	<u>\$ 1,283,619</u>	<u>\$ (82,501)</u>	<u>\$ 11,780,780</u>	<u>\$ 11,775,645</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current portion of capital lease obligation	\$ 24,436	\$ -	\$ -	\$ 24,436	\$ -
Accounts payable:					
Trade	387,283	165,902	-	553,185	458,441
Related parties	277,714	4,741	-	282,455	107,195
Intercompany, net	82,501	-	(82,501)	-	-
Other accruals	1,945,286	53,173	-	1,998,459	1,314,186
Deferred revenue:					
Partnership dues	493,498	-	-	493,498	482,495
Other	679,800	194,103	-	873,903	1,108,125
Refundable advance (Note 6)	-	-	-	-	1,500,000
<i>Total current liabilities</i>	<u>3,890,518</u>	<u>417,919</u>	<u>(82,501)</u>	<u>4,225,936</u>	<u>4,970,442</u>
<b>CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION</b>	<u>25,302</u>	<u>-</u>	<u>-</u>	<u>25,302</u>	<u>-</u>
<b>COMMITMENTS (NOTES 10 AND 11)</b>					
<b>NET ASSETS</b>					
Unrestricted net assets	6,663,842	711,778	-	7,375,620	6,755,203
Temporarily restricted net assets	-	153,922	-	153,922	50,000
<i>Total net assets</i>	<u>6,663,842</u>	<u>865,700</u>	<u>-</u>	<u>7,529,542</u>	<u>6,805,203</u>
<i>Total liabilities and net assets</i>	<u>\$ 10,579,662</u>	<u>\$ 1,283,619</u>	<u>\$ (82,501)</u>	<u>\$ 11,780,780</u>	<u>\$ 11,775,645</u>

VISIT INDY, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

	Visit Indy, Inc.			Tourism Tomorrow, Inc.			Eliminations	Consolidated Totals	
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		2016	2015
<b>REVENUE</b>									
Promotional service fees	\$ 10,450,000	\$ -	\$ 10,450,000	\$ -	\$ -	\$ -	\$ -	\$ 10,450,000	\$ 9,499,992
Marketing campaign	1,500,000	-	1,500,000	-	-	-	-	1,500,000	2,050,000
Partnership dues	779,291	-	779,291	-	-	-	-	779,291	768,127
Subscription and advertising revenue	116,356	-	116,356	-	-	-	-	116,356	109,299
Housing delegate income	354,933	-	354,933	-	-	-	-	354,933	331,515
Convention and event Programs	85,300	-	85,300	-	-	-	-	85,300	80,120
State research grant	-	-	-	126,646	-	126,646	-	126,646	132,212
Sponsorships and other grants	238,350	-	238,350	249,851	-	249,851	-	488,201	526,708
Special programs	-	-	-	970,828	153,922	1,124,750	-	1,124,750	-
Intercompany grants	-	-	-	467,940	-	467,940	(467,940)	-	-
Investment income [loss]	303,771	-	303,771	5	-	5	-	303,776	(28,463)
Other income	166,442	-	166,442	59,375	-	59,375	-	225,817	225,844
Contributed goods and facilities	651,396	-	651,396	232	-	232	-	651,628	667,749
Net assets released from restriction	50,000	(50,000)	-	-	-	-	-	-	-
<i>Total revenue</i>	<u>14,813,920</u>	<u>(50,000)</u>	<u>14,763,920</u>	<u>1,874,877</u>	<u>153,922</u>	<u>2,028,799</u>	<u>(467,940)</u>	<u>16,324,779</u>	<u>14,548,138</u>
<b>EXPENSES</b>									
Convention sales	5,604,001	-	5,604,001	-	-	-	-	5,604,001	5,604,752
Tourism development	465,991	-	465,991	-	-	-	-	465,991	480,413
Convention services	1,547,917	-	1,547,917	-	-	-	-	1,547,917	1,470,174
Partnership development	808,592	-	808,592	-	-	-	-	808,592	817,883
Administration	1,673,588	-	1,673,588	-	-	-	(467,940)	1,205,648	1,506,915
Housing	542,808	-	542,808	-	-	-	-	542,808	507,549
Marketing and communications	3,639,618	-	3,639,618	-	-	-	-	3,639,618	3,447,920
Destination development	-	-	-	1,322,449	-	1,322,449	-	1,322,449	252,605
Music Crossroads	-	-	-	463,416	-	463,416	-	463,416	448,519
<i>Total expenses</i>	<u>14,282,515</u>	<u>-</u>	<u>14,282,515</u>	<u>1,785,865</u>	<u>-</u>	<u>1,785,865</u>	<u>(467,940)</u>	<u>15,600,440</u>	<u>14,536,730</u>
<b>CHANGE IN NET ASSETS</b>	531,405	(50,000)	481,405	89,012	153,922	242,934	-	724,339	11,408
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,132,437</u>	<u>50,000</u>	<u>6,182,437</u>	<u>622,766</u>	<u>-</u>	<u>622,766</u>	<u>-</u>	<u>6,805,203</u>	<u>6,793,795</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 6,663,842</u>	<u>\$ -</u>	<u>\$ 6,663,842</u>	<u>\$ 711,778</u>	<u>\$ 153,922</u>	<u>\$ 865,700</u>	<u>\$ -</u>	<u>\$ 7,529,542</u>	<u>\$ 6,805,203</u>

See notes to consolidating financial statements.

**VISIT INDY, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015**

	Visit Indy, Inc.							Tourism Tomorrow, Inc.			Consolidated Totals			
	Convention Sales	Tourism Development	Convention Services	Partnership Development	Administration	Housing	Marketing & Communications	Total	Destination Development	Music Crossroads	Total	Eliminations	2016	2015
<b>DIRECT PROMOTIONAL EXPENSES</b>														
Advertising production	\$ 96,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,372	\$ 302,305	\$ 55,175	\$ -	\$ 55,175	\$ -	\$ 357,480	\$ 427,830
Market research	166,696	7,700	-	-	21,000	-	110,042	305,438	231,585	-	231,585	-	537,023	747,800
Advertising placement	11,055	-	-	-	-	-	1,432,284	1,443,339	-	-	-	-	1,443,339	1,490,637
Collateral and promotional materials	6,487	11,844	86,613	2,100	-	-	273,917	390,961	18,000	-	18,000	-	398,961	309,932
Marketing contracts	150,000	-	62,381	-	-	-	20,000	232,381	-	-	-	-	232,381	241,992
Sales trips and bid presentations	116,876	-	-	-	-	-	-	116,876	-	-	-	-	118,700	101,198
Client development	385,516	27,905	18,565	227,187	-	-	7,113	666,286	-	1,824	1,824	-	670,592	747,485
Site visits	153,524	1,930	90,617	-	-	-	56,179	302,250	-	-	-	-	302,250	312,342
Trade shows	289,251	15,136	24,315	-	-	-	-	328,702	-	-	-	-	328,702	336,466
Convention and event requirements	457,718	-	-	-	-	164,911	-	622,629	-	-	-	-	622,629	577,227
Special programs	-	-	-	-	-	-	-	-	970,828	-	-	-	970,828	-
<i>Total direct promotional expenses</i>	<u>1,834,056</u>	<u>64,515</u>	<u>282,491</u>	<u>229,287</u>	<u>21,000</u>	<u>164,911</u>	<u>2,104,907</u>	<u>4,701,167</u>	<u>1,275,588</u>	<u>6,130</u>	<u>1,281,718</u>	<u>-</u>	<u>5,982,885</u>	<u>5,292,909</u>
<b>PERSONNEL EXPENSES</b>														
Salaries and incentives	2,518,478	278,235	830,285	393,010	734,797	210,920	913,102	5,878,827	28,307	99,389	127,696	-	6,006,523	5,795,786
Part-time wages	-	-	3,057	-	-	34,676	9,427	47,160	10,458	-	10,458	-	57,618	61,504
Payroll taxes	165,461	18,621	52,837	24,871	49,495	16,320	58,698	386,303	2,363	5,806	8,169	-	394,472	369,465
Employee group insurance	257,622	19,589	111,743	40,156	118,478	38,122	143,332	729,042	1,373	3,388	4,761	-	733,803	699,480
Retirement plan contributions	226,086	22,919	71,601	31,567	67,777	19,352	88,048	527,350	2,860	9,945	12,805	-	540,155	458,747
<i>Total personnel expenses</i>	<u>3,167,647</u>	<u>339,364</u>	<u>1,069,523</u>	<u>489,604</u>	<u>970,547</u>	<u>319,390</u>	<u>1,212,607</u>	<u>7,568,682</u>	<u>45,361</u>	<u>118,528</u>	<u>163,889</u>	<u>-</u>	<u>7,732,571</u>	<u>7,384,982</u>
<b>OFFICE EXPENSES</b>														
Telephone	48,361	5,177	16,328	7,477	14,826	4,877	18,512	115,558	-	-	-	-	115,558	115,000
Postage	14,293	1,530	4,826	2,210	4,381	1,441	5,471	34,152	-	-	-	-	34,152	41,996
Office supplies	24,617	2,635	8,312	3,806	7,547	2,482	9,423	58,822	-	-	-	-	58,822	55,960
Repairs and maintenance	5,476	586	1,849	847	1,679	552	2,096	13,085	-	-	-	-	13,085	8,808
Office and equipment rent	17,162	1,837	5,794	2,653	5,262	1,731	6,569	41,008	-	285,513	285,513	-	326,521	366,819
Insurance - office coverage	20,891	2,236	7,054	3,230	6,404	2,107	7,997	49,919	-	9,182	9,182	-	59,101	62,672
<i>Total office expenses</i>	<u>130,800</u>	<u>14,001</u>	<u>44,163</u>	<u>20,223</u>	<u>40,099</u>	<u>13,190</u>	<u>50,068</u>	<u>312,544</u>	<u>-</u>	<u>294,695</u>	<u>294,695</u>	<u>-</u>	<u>607,239</u>	<u>651,255</u>
<b>OTHER EXPENSES</b>														
Professional fees	96,270	10,306	32,504	14,883	29,513	9,707	36,852	230,035	-	-	-	-	230,035	207,119
Civic involvement	26,264	2,812	8,868	4,060	8,051	2,648	10,054	62,757	-	1,405	1,405	-	64,162	45,068
Mileage	27,557	2,950	9,304	4,260	8,449	2,779	10,549	65,848	1,500	214	1,714	-	67,562	66,866
Membership dues and subscriptions	25,171	2,694	8,498	3,891	7,718	2,538	9,635	60,145	-	748	748	-	60,893	73,064
Human resource development	74,629	5,626	17,743	8,124	16,111	5,299	20,116	147,648	-	98	98	-	147,746	124,302
Depreciation and amortization	187,921	20,117	63,449	29,053	57,611	18,949	71,935	449,035	-	41,366	41,366	-	490,401	507,049
Interest	1,877	201	634	290	576	189	719	4,486	-	-	-	-	4,486	-
Miscellaneous	31,809	3,405	10,740	4,917	9,753	3,208	12,176	76,008	-	-	-	-	76,008	49,710
Noncash rent and parking	-	-	-	-	136,220	-	-	136,220	-	232	232	-	136,452	134,406
Intercompany grants	-	-	-	-	367,940	-	-	100,000	-	-	-	-	467,940	-
<i>Total other expenses</i>	<u>471,498</u>	<u>48,111</u>	<u>151,740</u>	<u>69,478</u>	<u>641,942</u>	<u>45,317</u>	<u>272,036</u>	<u>1,700,122</u>	<u>1,500</u>	<u>44,063</u>	<u>45,563</u>	<u>(467,940)</u>	<u>1,277,745</u>	<u>1,207,584</u>
<b>Total expenses</b>	<u>\$ 5,604,001</u>	<u>\$ 465,991</u>	<u>\$ 1,547,917</u>	<u>\$ 808,592</u>	<u>\$ 1,673,588</u>	<u>\$ 542,808</u>	<u>\$ 3,639,618</u>	<u>\$ 14,282,515</u>	<u>\$ 1,322,449</u>	<u>\$ 463,416</u>	<u>\$ 1,785,865</u>	<u>\$ (467,940)</u>	<u>\$ 15,600,440</u>	<u>\$ 14,536,730</u>

See notes to consolidating financial statements.

**CHANGES IN CASH AND CASH EQUIVALENTS**

	<u>Visit Indy, Inc.</u>	<u>Tourism Tomorrow, Inc.</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>	
				<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from organizations and others	\$ 11,708,239	\$ 1,780,985	\$ (467,940)	\$ 13,021,284	\$ 16,084,719
Cash paid to suppliers and employees	(12,307,329)	(1,703,822)	467,940	(13,543,211)	(13,219,001)
Investment income received	128,752	5	-	128,757	172,129
Other income received	166,442	59,375	-	225,817	225,844
Interest paid	(4,486)	-	-	(4,486)	-
<i>Net cash and cash equivalents provided by (used in) operating activities</i>	<u>(308,382)</u>	<u>136,543</u>	<u>-</u>	<u>(171,839)</u>	<u>3,263,691</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of property and equipment	(206,419)	-	-	(206,419)	(206,524)
Purchases of investments	(434,260)	-	-	(434,260)	(2,513,568)
Proceeds from investments	<u>429,374</u>	<u>-</u>	<u>-</u>	<u>429,374</u>	<u>403,803</u>
<i>Net cash and cash equivalents used in investing activities</i>	<u>(211,305)</u>	<u>-</u>	<u>-</u>	<u>(211,305)</u>	<u>(2,316,289)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Payments on capital lease arrangement	<u>(47,232)</u>	<u>-</u>	<u>-</u>	<u>(47,232)</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(566,919)</u>	<u>136,543</u>	<u>-</u>	<u>(430,376)</u>	<u>947,402</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,884,937</u>	<u>651,289</u>	<u>-</u>	<u>3,536,226</u>	<u>2,588,824</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,318,018</u>	<u>\$ 787,832</u>	<u>\$ -</u>	<u>\$ 3,105,850</u>	<u>\$ 3,536,226</u>
<b>NON-CASH INVESTMENT ACITIVITY</b>					
Equipment purchased via capital lease arrangement	<u>\$ 96,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,970</u>	<u>\$ -</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>Visit Indy, Inc.</u>	<u>Tourism Tomorrow, Inc.</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>	
				<u>2016</u>	<u>2015</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 481,405</u>	<u>\$ 242,934</u>	<u>\$ -</u>	<u>\$ 724,339</u>	<u>\$ 11,408</u>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Depreciation and amortization	449,035	41,366	-	490,401	507,049
Loss on disposal of property and equipment	357	-	-	357	-
Unrealized (gain) loss on investments	(168,791)	-	-	(168,791)	164,887
Realized (gain) loss on investments	(6,228)	-	-	(6,228)	35,705
<i>(Increase) decrease in operating assets:</i>					
Accounts receivable:					
Partnership dues	82,366	-	-	82,366	(52,019)
Intercompany, net	-	(17,979)	17,979	-	-
Convention and event, net	(273,359)	-	-	(273,359)	(45,444)
Other, net	(5,815)	(229,534)	-	(235,349)	(17,705)
Grants receivable	50,000	-	-	50,000	73,000
Prepayments and other	(64,824)	(1,809)	-	(66,633)	826
<i>Increase (decrease) in operating liabilities:</i>					
Accounts payable:					
Trade	36,591	58,153	-	94,744	136,342
Related parties	175,373	(113)	-	175,260	(30,191)
Intercompany, net	17,979	-	(17,979)	-	-
Other accruals	700,059	(15,786)	-	684,273	70,208
Deferred revenue:					
Partnership dues	11,003	-	-	11,003	(15,608)
Other	(293,533)	59,311	-	(234,222)	925,233
Refundable advance	(1,500,000)	-	-	(1,500,000)	1,500,000
<i>Total adjustments</i>	<u>(789,787)</u>	<u>(106,391)</u>	<u>-</u>	<u>(896,178)</u>	<u>3,252,283</u>
<b>NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ (308,382)</u>	<u>\$ 136,543</u>	<u>\$ -</u>	<u>\$ (171,839)</u>	<u>\$ 3,263,691</u>

VISIT INDY, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Visit Indy, Inc. (Visit Indy), formerly known as the Indianapolis Convention & Visitors Association, Inc., was formed in 1923. Today, its mission is to drive destination economic development, job creation, community sustainability, and quality of life through visitor travel to Indianapolis. Visit Indy assists visitors by providing services and information. Visit Indy also assists the Capital Improvement Board of Marion County and hospitality industry businesses by marketing their facilities, products, and services to visiting groups and individuals.

Visit Indy is the sole member and parent of Tourism Tomorrow, Inc. (TTI). TTI was formed to educate the public regarding recreational and tourism opportunities available in central Indiana, conduct social science research in the public interest, continually plan for the enhancement of the tourism product, provide research conclusions about the feasibility and viability of tourism related infrastructure, and to lessen the burdens of government, promote the social welfare and combat community deterioration by improving the economic conditions in central Indiana. Additionally, TTI has a program under the name of Music Crossroads, which focuses on advancing the quality of life in Indianapolis through the attraction, support, and collaboration of leading performing art entrepreneurs. TTI—in conjunction with Visit Indy—is a key partner and contributor to the Indianapolis arts community in addition to playing a major role in the city's efforts to attract and stage sporting events.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying consolidating financial statements have been prepared on the accrual basis of accounting. The preparation of consolidating financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

The consolidating financial statements include certain prior year summarized comparative information in total, but not by consolidating entity, eliminations, and net asset class. Accordingly, such information should be read in conjunction with the consolidating financial statements for the year ended December 31, 2015, from which the summarized information was derived.

PRINCIPLES OF CONSOLIDATION

Visit Indy and TTI, collectively referred to as the Organization, follow Financial Accounting Standards Board (FASB) Accounting Standards in the preparation of their financial statements. Accordingly, the accounts of Visit Indy's wholly owned subsidiary, TTI, are included in Visit Indy's consolidating financial statements. Intercompany transactions include shared expenses and grants between the organizations. All significant intercompany transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

The Organization considers most highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization held cash equivalents in its investment portfolio of \$529,005 and \$416,332, respectively, at December 31, 2016 and 2015.

VISIT INDY, INC. AND SUBSIDIARY  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ACCOUNTS RECEIVABLE AND CREDIT POLICIES

Accounts receivable are uncollateralized obligations due from partners and others under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the partner. Partner account balances with invoices dated over 90 days old are considered delinquent and are turned over to collection agencies. Payments of accounts receivable are allocated to the specific invoices identified on the partner's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected.

GRANTS RECEIVABLE

Contributions are recognized when the donor makes an unconditional promise to give to the Organization and are recorded at their fair values as revenues and assets in the period promised. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grants receivable were \$125,000 as of December 31, 2016 and 2015. All are due within one year.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost. Depreciation is provided on the straight line method over the estimated useful lives of the depreciable assets (3-10 years). Maintenance and repairs are expensed as incurred. Property and equipment is comprised of the following at December 31:

	<u>2016</u>	<u>2015</u>
Leasehold improvements, office furniture, and equipment	\$ 2,373,519	\$ 2,276,549
Computer equipment, software, and web design	<u>2,754,311</u>	<u>2,639,622</u>
	5,127,830	4,916,171
Accumulated depreciation	<u>(3,969,454)</u>	<u>(3,570,426)</u>
	<u>\$ 1,158,376</u>	<u>\$ 1,345,745</u>

VISIT INDY, INC. AND SUBSIDIARY  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS

Consistent with Accounting Standards for Investments Held by Not-for-Profits, investments in equity securities, mutual funds and bonds with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

DEFERRED REVENUE

Partnership dues, advertising and sponsorship revenue are recognized as revenue in the month in which they are earned. Deferred revenue represents amounts invoiced and/or received prior to December 31 of each year, which are applicable to the subsequent year.

NET ASSETS

As required by Accounting Standards for Not-for-Profit Entities Presentation of Financial Statements, the Organization is required to report information regarding assets, liabilities, net assets, revenue, expenses, and other changes in net assets according to class. The Organization utilizes the following classes of net assets:

Unrestricted

These include revenue and expenses from the regular operations of the Organization, which are at the discretion of management and the Boards of Directors.

Temporarily Restricted

These include donations and grant revenues used to meet expenses of current operations in accordance with restrictions specified by the donors or grantors or the passage of time. When a donor restriction expires, or when a stipulated time 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 restriction. There was \$153,922 and \$50,000 of temporarily restricted net assets at December 31, 2016 and 2015. Donor restrictions released within the same year of donation receipt are recorded as unrestricted revenue and net assets.

Permanently Restricted

The permanently restricted net asset class includes assets of the Organization for which the donor has stipulated that the contribution remain in perpetuity. There are no permanently restricted net assets at December 31, 2016 or 2015.

ADVERTISING

The Organization incurred \$1,800,819 and \$1,918,467 in advertising production and advertising placement expense for 2016 and 2015, respectively. These costs are expensed as incurred.

VISIT INDY, INC. AND SUBSIDIARY  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair values measured on a recurring basis at December 31, 2016 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equities:		
S&P index fund	\$ 1,051,986	\$ 1,051,986
Emerging markets index fund	72,401	72,401
Mutual funds:		
Value fund	433,327	433,327
Blend fund	620,548	620,548
Growth fund	701,970	701,970
Real estate	115,051	115,051
Global equity	149,009	149,009
Fixed income mutual funds:		
Intermediate-term bond	1,554,180	1,554,180
Bank loan	204,672	204,672
Short-term bond	589,923	589,923
Large growth fund	98,892	98,892
Nontraditional bond	248,038	248,038

VISIT INDY, INC. AND SUBSIDIARY  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Bonds:		
Treasury bond	200,125	200,125
Agency bond	<u>200,201</u>	<u>200,201</u>
Total	<u>\$ 6,240,323</u>	<u>\$ 6,240,323</u>

Fair values measured on a recurring basis at December 31, 2015 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equities:		
S&P index fund	\$ 499,656	\$ 499,656
Emerging markets index fund	66,569	66,569
Mutual funds:		
Value fund	316,547	316,547
Blend fund	496,455	496,455
Growth fund	741,561	741,561
Real estate	98,458	98,458
Global equity	106,833	106,833
Fixed income mutual funds:		
Intermediate-term bond	1,281,269	1,281,269
Bank loan	189,661	189,661
World allocation	483,068	483,068
Large growth fund	96,060	96,060
Nontraditional bond	193,564	193,564
Bonds:		
Corporate bond	489,958	489,958
Treasury bond	800,742	800,742
Agency bond	<u>200,017</u>	<u>200,017</u>
Total	<u>\$ 6,060,418</u>	<u>\$ 6,060,418</u>

VISIT INDY, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

The Organization had no Level 2 or Level 3 investments at December 31, 2016 and 2015. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. These valuation methods have not changed from prior year. See Note 3.

INCOME TAXES

Visit Indy is a not-for-profit organization partially exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Contributions to Visit Indy are not tax deductible.

TTI is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a).

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through April 12, 2017 which is the date the financial statements were available to be issued.

2. UNINSURED CASH BALANCES

The Organization's cash and cash equivalents are comprised of cash accounts at a commercial bank and a money market account with a national investment company. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The money market account is insured by Securities Investor Protection Corporation (SIPC) up to \$250,000. At December 31, 2016, the Organization had balances in excess of federally insured limits.

3. INVESTMENTS

Cost and fair values at December 31, 2016 are as follows:

	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>	<u>Market Value</u>
Equities	\$ 1,022,200	\$ 102,187	\$ 1,124,387
Mutual funds	1,916,140	103,765	2,019,905
Fixed income	<u>3,130,030</u>	<u>(33,999)</u>	<u>3,096,031</u>
	<u>\$ 6,068,370</u>	<u>\$ 171,953</u>	<u>\$ 6,240,323</u>

VISIT INDY, INC. AND SUBSIDIARY  
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3. INVESTMENTS, CONTINUED

Cost and fair values at December 31, 2015 are as follows:

	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>	<u>Market Value</u>
Equities	\$ 593,078	\$ (26,854)	\$ 566,224
Mutual funds	1,669,717	90,137	1,759,854
Fixed income	2,298,258	(54,636)	2,243,622
Bonds	1,500,674	(9,956)	1,490,718
	<u>\$ 6,061,727</u>	<u>\$ (1,309)</u>	<u>\$ 6,060,418</u>

The net investment income (loss) for the years ended December 31 is comprised of the following:

	<u>2016</u>	<u>2015</u>
Interest income	\$ 5	\$ 2
Dividend income	128,752	172,127
Realized gain (loss)	6,228	(35,705)
Unrealized gain (loss)	168,791	(164,887)
	<u>\$ 303,776</u>	<u>\$ (28,463)</u>

4. LINE OF CREDIT

Visit Indy had a line of credit agreement with a bank. The available amount of credit was \$750,000 through March 1, 2015 and \$500,000 through March 1, 2016. The line of credit was secured by substantially all of Visit Indy's assets. There was no outstanding balance at December 31, 2016 and 2015. The line of credit expired in March 2016 and was not renewed.

5. CAPITAL LEASE OBLIGATION

The Company has a capital lease arrangement for equipment with a total cost of \$96,970 and total accumulated amortization of \$42,424 as of December 31, 2016. The present value of future minimum lease payments at inception of the lease was capitalized and is included in property and equipment. The remaining lease has a term of up to eight quarters and requires quarterly lease payments of \$6,465 through December 2018.

Following is a schedule of future minimum lease payments under the capital lease and the present value of net minimum lease payments as of December 31, 2016:

2017	\$ 25,859
2018	25,859
Total minimum lease payments	51,718
Less: amount representing interest	(1,980)
	49,738
Less: current portion	(24,436)
	<u>\$ 25,302</u>

VISIT INDY, INC. AND SUBSIDIARY  
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6. CAPITAL IMPROVEMENT BOARD CONTRACT

Visit Indy has contracted with the Capital Improvement Board of Managers of Marion County, Indiana (CIB) to solicit and book conventions, expositions, trade shows, and other meetings and to work in conjunction with the staff of the Indiana Convention Center & Lucas Oil Stadium (ICCLoS) on all conventions involving ICCLoS facilities. The CIB payments represent 80% (82% excluding significant grants) of Visit Indy's total revenue in 2016 and have been presented in the statement of activities as promotional service fees. Visit Indy's contract with the CIB extends through December 31, 2017 and Visit Indy will receive \$12,308,500 of promotional service fees in 2017. Visit Indy expects to renew the contract annually.

The CIB agreed to pay an additional \$3,500,000 for the marketing campaign contingent upon Visit Indy raising \$2,000,000 in cash and/or in-kind contributions in 2015 and 2016. In return, Visit Indy has agreed to spend no more than \$2,000,000 in 2015 and \$1,500,000 in 2016 of the CIB marketing campaign funds. Visit Indy raised \$1,222,624 and \$1,370,000 in 2016 and 2015, respectively.

The required matching condition was met in 2015 and 2016 and accordingly \$2,000,000 and \$1,500,000, respectively, of the contingent funds were recognized as revenue in the accompanying statement of activities.

7. RETIREMENT PLANS

The Organization has a 401(k) plan for all full-time employees. After one year of service, the Organization contributes a maximum of 10% of the employee's W-2 wages to the plan. This is comprised of a 4% safe harbor contribution utilizing a matching formula and a discretionary contribution of an additional 1% match and 5% contribution. The plan provides that forfeitures will be applied as a reduction to the current year employer contribution. Safe harbor contributions are 100% vested on the date of contribution. For all other contributions, vesting begins with 20% at two years of service and increases by 20% each year thereafter until the employee becomes fully vested after six years of service. In 2016 and 2015, the Organization contributed \$540,155 and \$458,747, respectively, to the plan.

In addition, Visit Indy has a liability totaling \$260,930 and \$261,694 at December 31, 2016 and 2015, respectively, included in other accruals on the consolidating statements of financial position for post employment benefits for current and retired key employees.

8. CONTRIBUTED GOODS AND USE OF FACILITIES

During 2016 and 2015, contributed goods and use of facilities were received by the Organization. The fair market value of these goods and facilities of \$651,628 and \$667,749 for the years ended December 31, 2016 and 2015, respectively, has been reflected in the accompanying consolidating financial statements, which includes \$136,452 and \$134,406 for office rent and parking for 2016 and 2015, respectively. Other contributed goods include printing, travel and other promotional items. These transactions have been treated as noncash transactions and have been excluded from the statements of cash flows.

9. RELATED PARTY TRANSACTIONS

At December 31, 2016 and 2015, the Organization had \$282,455 and \$107,195 owed to companies related to members of the Board of Directors. The Organization paid companies related to members of the Board of Directors \$1,597,772 and \$2,640,549 for insurance, legal, and other services during 2016 and 2015, respectively. The Board members affected did not vote to approve these transactions.

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10. OPERATING LEASES

Visit Indy has an office equipment operating lease which is payable on a month-to-month basis. Total equipment rent was \$18,132 and \$48,843 for 2016 and 2015, respectively.

Visit Indy leases advertisement space which is payable annually. Total annual lease expense for 2016 and 2015 was \$1,500.

In exchange for their long-term commitment to conduct events in Indianapolis, TTI has agreed to facilitate a 10 year real estate lease for the national headquarters of two associations at below market value rates. As such, TTI has a lease for office space through May 2019 with monthly payments of \$21,042. Total lease income and expense for 2016 was \$199,851 and \$252,500, respectively. Total lease income and expense for 2015 was \$197,858 and \$252,500, respectively.

Future minimum annual rental payments for these operating leases over the remaining terms of the leases are as follows:

	<u>Gross Expense</u>	<u>Sublease Income</u>	<u>Net</u>
2017	\$ 252,500	\$ 168,822	\$ (83,678)
2018	252,500	168,822	(83,678)
2019	84,167	56,274	[27,893]
	<u>\$ 589,167</u>	<u>\$ 393,918</u>	<u>\$ (195,249)</u>

11. COMMITMENTS

As of December 31, 2016, Visit Indy has committed to spend \$2,725,253 on future conventions to be held from 2017 through 2024. The expense is recognized in the year the convention event takes place.

Minimum commitments for future conventions are as follows:

	<u>Future Convention Commitments</u>	<u>Projected Income</u>	<u>Net Future Commitment</u>
2017	\$ 656,855	\$ (305,000)	\$ 351,855
2018	863,286	(429,940)	433,346
2019	398,161	(103,578)	294,583
2020	323,367	(52,126)	271,241
2021	321,894	-	321,894
2022	99,940	-	99,940
2023	46,750	-	46,750
2024	15,000	-	15,000
	<u>\$ 2,725,253</u>	<u>\$ (890,644)</u>	<u>\$ 1,834,609</u>

VISIT INDY, INC. AND SUBSIDIARY  
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11. COMMITMENTS, CONTINUED

In addition, Visit Indy has a cancellable contract with the Indiana Sports Corporation (ISC) that provides for an annual payment of \$150,000 to ISC to promote sporting events in the City of Indianapolis. Visit Indy paid ISC \$150,000 in 2016 and 2015.

12. FEDERAL, STATE AND LOCAL FUNDING

In accordance with guidelines established by the Indiana State Board of accounts, this federal, state, and local funding information was included to aid in the verification of Indiana financial assistance on the Entity Annual Report (E-1). The Organization files the E-1 on a cash basis rather than accrual basis.

Program Name	Grantor Name	CFDA	Revenue	Expense	Funding Type
Film Indy	City of Indianapolis	N/A	\$ 50,000	\$ 46,078	State and Local
State Market Research	Indiana Office of Tourism Development	N/A	126,646	126,646	State and Local
Services	Indiana Capital Board of Managers of Marion County	N/A	10,450,000	10,450,000	State and Local
<b>Total funding</b>			<b>\$10,626,646</b>	<b>\$10,622,724</b>	