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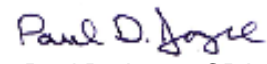
June 11, 2018

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, 2017 to December 31, 2017. 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, 2017 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, CPA
State Examiner

VISIT INDY, INC. AND SUBSIDIARY
(TOURISM TOMORROW, INC.
D/B/A TOURISM TOMORROW INDY)
CONSOLIDATING FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2017 AND 2016

GREENWALT CPAs

We Deliver Peace of Mind



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. d/b/a Tourism Tomorrow Indy, (collectively, the Organization), which comprise the consolidating statements of financial position as of December 31, 2017, 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, 2017, 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 2016 consolidating financial statements, and we expressed an unmodified audit opinion on those audited consolidating financial statements in our report dated April 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

Greenwalt CPAs, Inc.

April 4, 2018

VISIT INDY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017
WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2016

ASSETS	Visit Indy	Tourism Tomorrow Indy	Eliminations	Consolidated Totals	
				2017	2016
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,713,056	\$ 803,520	\$ -	\$ 3,516,576	\$ 3,105,850
Accounts receivable:					
Partnership dues	350,771	-	-	350,771	302,458
Intercompany, net	-	29,176	(29,176)	-	-
Convention and event, less allowance for doubtful accounts of \$1,000 for 2017 and 2016	602,467	-	-	602,467	339,204
Other, less total allowance for doubtful accounts of \$2,000 and \$8,000 in 2017 and 2016, respectively	45,594	101,232	-	146,826	322,062
Grants receivable	75,000	-	-	75,000	125,000
Prepayments and other	173,140	6,911	-	180,051	187,507
<i>Total current assets</i>	<u>3,960,028</u>	<u>940,839</u>	<u>(29,176)</u>	<u>4,871,691</u>	<u>4,382,081</u>
PROPERTY AND EQUIPMENT, NET	<u>1,002,120</u>	<u>59,370</u>	<u>-</u>	<u>1,061,490</u>	<u>1,158,376</u>
INVESTMENTS	<u>6,437,714</u>	<u>-</u>	<u>-</u>	<u>6,437,714</u>	<u>6,240,323</u>
<i>Total assets</i>	<u>\$ 11,399,862</u>	<u>\$ 1,000,209</u>	<u>\$ (29,176)</u>	<u>\$ 12,370,895</u>	<u>\$ 11,780,780</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current portion of capital lease obligation	\$ 25,302	\$ -	\$ -	\$ 25,302	\$ 24,436
Accounts payable:					
Trade	542,839	77,049	-	619,888	553,185
Related parties	119,813	4,721	-	124,534	282,455
Intercompany, net	29,176	-	(29,176)	-	-
Other accruals	2,116,954	40,210	-	2,157,164	1,998,459
Deferred revenue:					
Partnership dues	515,135	-	-	515,135	493,498
Other	403,176	105,145	-	508,321	873,903
<i>Total current liabilities</i>	<u>3,752,395</u>	<u>227,125</u>	<u>(29,176)</u>	<u>3,950,344</u>	<u>4,225,936</u>
CAPITAL LEASE OBLIGATION, NET OF CURRENT PORTION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,302</u>
COMMITMENTS (NOTES 9 AND 10)					
NET ASSETS					
Unrestricted net assets	7,647,467	773,084	-	8,420,551	7,375,620
Temporarily restricted net assets	-	-	-	-	153,922
<i>Total net assets</i>	<u>7,647,467</u>	<u>773,084</u>	<u>-</u>	<u>8,420,551</u>	<u>7,529,542</u>
<i>Total liabilities and net assets</i>	<u>\$ 11,399,862</u>	<u>\$ 1,000,209</u>	<u>\$ (29,176)</u>	<u>\$ 12,370,895</u>	<u>\$ 11,780,780</u>

See notes to consolidating financial statements.

VISIT INDY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Visit Indy			Tourism Tomorrow Indy			Eliminations	Consolidated Totals	
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		2017	2016
REVENUE									
Promotional service fees	\$ 12,308,499	\$ -	\$ 12,308,499	\$ -	\$ -	\$ -	\$ -	\$ 12,308,499	\$ 10,450,000
Marketing campaign	245,324	-	245,324	-	-	-	-	245,324	1,500,000
Partnership dues	802,477	-	802,477	-	-	-	-	802,477	779,291
Subscription and advertising revenue	128,986	-	128,986	-	-	-	-	128,986	116,356
Housing delegate income	346,753	-	346,753	-	-	-	-	346,753	354,933
Convention and event Programs	25,435	-	25,435	-	-	-	-	25,435	85,300
State research	111,260	-	111,260	-	-	-	-	111,260	118,081
Sponsorships and other grants	-	-	-	145,827	-	145,827	-	145,827	126,646
Special programs	337,350	-	337,350	196,723	-	196,723	-	534,073	488,201
Intercompany grants	-	-	-	-	-	-	-	-	1,124,750
Investment income	-	-	-	434,694	-	434,694	(434,694)	-	-
Other income	812,026	-	812,026	21	-	21	-	812,047	303,776
Contributed goods and facilities	134,763	-	134,763	125,475	-	125,475	-	260,238	225,817
Net assets released from restriction	557,019	-	557,019	302	-	302	-	557,321	651,628
	-	-	-	153,922	(153,922)	-	-	-	-
<i>Total revenue</i>	<u>15,809,892</u>	<u>-</u>	<u>15,809,892</u>	<u>1,056,964</u>	<u>(153,922)</u>	<u>903,042</u>	<u>(434,694)</u>	<u>16,278,240</u>	<u>16,324,779</u>
EXPENSES									
Convention sales	5,751,238	-	5,751,238	-	-	-	-	5,751,238	5,604,001
Tourism development	409,483	-	409,483	-	-	-	-	409,483	465,991
Convention services	1,656,727	-	1,656,727	-	-	-	-	1,656,727	1,547,917
Partnership development	773,858	-	773,858	-	-	-	-	773,858	808,592
Administration	1,748,355	-	1,748,355	-	-	-	(434,694)	1,313,661	1,205,648
Housing	555,340	-	555,340	-	-	-	-	555,340	542,808
Marketing and communications	3,931,266	-	3,931,266	-	-	-	-	3,931,266	3,639,618
Destination development	-	-	-	584,516	-	584,516	-	584,516	1,322,449
Music Crossroads	-	-	-	411,142	-	411,142	-	411,142	463,416
<i>Total expenses</i>	<u>14,826,267</u>	<u>-</u>	<u>14,826,267</u>	<u>995,658</u>	<u>-</u>	<u>995,658</u>	<u>(434,694)</u>	<u>15,387,231</u>	<u>15,600,440</u>
CHANGE IN NET ASSETS	983,625	-	983,625	61,306	(153,922)	(92,616)	-	891,009	724,339
NET ASSETS, BEGINNING OF YEAR	6,663,842	-	6,663,842	711,778	153,922	865,700	-	7,529,542	6,805,203
NET ASSETS, END OF YEAR	<u>\$ 7,647,467</u>	<u>\$ -</u>	<u>\$ 7,647,467</u>	<u>\$ 773,084</u>	<u>\$ -</u>	<u>\$ 773,084</u>	<u>\$ -</u>	<u>\$ 8,420,551</u>	<u>\$ 7,529,542</u>

See notes to consolidating financial statements.

VISIT INDY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Visit Indy							Tourism Tomorrow Indy			Consolidated Totals			
	Convention Sales	Tourism Development	Convention Services	Partnership Development	Administration	Housing	Marketing & Communications	Total	Destination Development	Music Crossroads	Total	Eliminations	2017	2016
DIRECT PROMOTIONAL EXPENSES														
Advertising production	\$ 117,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,028	\$ 333,379	\$ -	\$ -	\$ -	\$ -	\$ 333,379	\$ 302,305
Market research	183,134	-	-	-	23,804	-	143,096	350,034	256,852	-	256,852	-	606,886	592,198
Advertising placement	-	-	-	-	-	-	1,477,627	1,477,627	-	-	-	-	1,477,627	1,443,339
Collateral and promotional materials	6,201	9,891	85,677	338	-	-	288,711	390,818	18,000	-	18,000	-	408,818	398,961
Marketing contracts	150,000	-	95,527	-	-	-	25,000	270,527	-	-	-	-	270,527	232,381
Sales trips and bid presentations	123,211	14,055	-	-	-	-	-	137,266	-	1,211	1,211	-	138,477	118,700
Client development	429,810	3,968	37,462	190,427	-	-	122,244	783,911	-	2,003	2,003	-	785,914	670,592
Site visits	143,299	190	103,422	-	-	-	53,670	300,581	-	-	-	-	300,581	302,250
Trade shows	320,534	2,379	22,464	-	-	-	-	345,377	-	-	-	-	345,377	328,702
Convention and event requirements	496,760	-	-	-	-	171,133	-	667,893	-	-	-	-	667,893	622,629
Special programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total direct promotional expenses</i>	<u>1,970,300</u>	<u>30,483</u>	<u>344,552</u>	<u>190,765</u>	<u>23,804</u>	<u>171,133</u>	<u>2,326,376</u>	<u>5,057,413</u>	<u>430,710</u>	<u>3,214</u>	<u>433,924</u>	<u>-</u>	<u>5,491,337</u>	<u>5,982,865</u>
PERSONNEL EXPENSES														
Salaries and incentives	2,500,963	261,980	852,760	393,804	737,758	208,670	1,026,659	5,982,594	105,844	66,073	171,917	-	6,154,511	6,006,523
Part-time wages	-	-	72	-	-	35,779	7,232	43,083	13,016	-	13,016	-	56,099	57,618
Payroll taxes	161,809	16,059	53,037	23,670	45,879	15,946	64,214	380,614	7,394	3,698	11,092	-	391,706	394,472
Placement fees	2,515	-	-	-	-	-	-	2,515	-	-	-	-	2,515	-
Employee group insurance	280,512	18,779	133,411	43,640	129,800	43,361	170,135	819,638	5,510	2,545	8,055	-	827,693	733,803
Retirement plan contributions	232,891	24,793	74,387	33,816	66,845	22,230	93,921	548,883	11,176	6,288	17,464	-	566,347	540,155
<i>Total personnel expenses</i>	<u>3,178,690</u>	<u>321,611</u>	<u>1,113,667</u>	<u>494,930</u>	<u>980,282</u>	<u>325,986</u>	<u>1,362,161</u>	<u>7,777,327</u>	<u>142,940</u>	<u>78,604</u>	<u>221,544</u>	<u>-</u>	<u>7,998,871</u>	<u>7,732,571</u>
OFFICE EXPENSES														
Telephone	47,674	4,829	16,704	7,419	14,697	4,899	20,425	116,647	-	-	-	-	116,647	115,558
Postage	15,009	1,520	5,259	2,336	4,627	1,542	6,430	36,723	-	-	-	-	36,723	34,152
Office supplies	23,159	2,346	8,115	3,604	7,140	2,380	9,922	56,666	-	-	-	-	56,666	58,022
Repairs and maintenance	1,456	147	510	227	448	150	624	3,562	-	-	-	-	3,562	13,085
Office and equipment rent	29,770	3,016	10,431	4,633	9,177	3,059	12,754	72,840	-	275,162	275,162	-	348,002	326,521
Insurance - office coverage	21,324	2,160	7,471	3,318	6,574	2,191	9,136	52,174	-	9,115	9,115	-	61,289	59,101
<i>Total office expenses</i>	<u>138,392</u>	<u>14,018</u>	<u>48,490</u>	<u>21,537</u>	<u>42,663</u>	<u>14,221</u>	<u>59,291</u>	<u>338,612</u>	<u>-</u>	<u>284,277</u>	<u>284,277</u>	<u>-</u>	<u>622,889</u>	<u>607,239</u>
OTHER EXPENSES														
Professional fees	100,133	10,143	35,084	15,582	30,871	10,290	42,900	245,003	9,007	-	9,007	-	254,010	230,035
Civic involvement	32,107	3,252	11,250	4,996	9,899	3,300	13,756	78,560	-	2,323	2,323	-	80,883	64,162
Mileage	26,986	2,734	9,455	4,199	8,319	2,773	11,562	66,028	1,620	209	1,829	-	67,857	67,562
Membership dues and subscriptions	23,715	2,402	8,309	3,690	7,312	2,437	10,160	58,025	-	1,085	1,085	-	59,110	60,893
Human resource development	82,487	4,740	16,395	7,281	14,426	4,808	20,047	150,184	-	-	-	-	150,184	147,746
Depreciation and amortization	171,681	17,391	60,153	26,716	52,928	17,643	73,553	420,065	-	41,367	41,367	-	461,432	490,401
Interest	581	59	204	90	179	60	249	1,422	-	-	-	-	1,422	4,486
Miscellaneous	26,166	2,650	9,168	4,072	8,068	2,689	11,211	64,024	-	-	-	-	64,024	76,008
Noncash rent and parking	-	-	-	-	134,910	-	-	134,910	239	63	302	-	135,212	136,452
Intercompany grants	-	-	-	-	434,694	-	-	434,694	-	-	-	-	(434,694)	-
<i>Total other expenses</i>	<u>463,856</u>	<u>43,371</u>	<u>150,018</u>	<u>66,626</u>	<u>701,606</u>	<u>44,000</u>	<u>183,438</u>	<u>1,652,915</u>	<u>10,866</u>	<u>45,047</u>	<u>55,913</u>	<u>(434,694)</u>	<u>1,274,134</u>	<u>1,277,745</u>
<i>Total expenses</i>	<u>\$ 5,751,238</u>	<u>\$ 409,483</u>	<u>\$ 1,656,727</u>	<u>\$ 773,858</u>	<u>\$ 1,748,355</u>	<u>\$ 555,340</u>	<u>\$ 3,931,266</u>	<u>\$ 14,826,267</u>	<u>\$ 584,516</u>	<u>\$ 411,142</u>	<u>\$ 995,658</u>	<u>\$ (434,694)</u>	<u>\$ 15,387,231</u>	<u>\$ 15,600,440</u>

See notes to consolidating financial statements.

CHANGES IN CASH AND CASH EQUIVALENTS

	Visit Indy	Tourism Tomorrow Indy	Eliminations	Consolidated Totals	
				2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from organizations and others	\$ 13,759,134	\$ 944,767	\$ (434,694)	\$ 14,269,207	\$ 13,021,284
Cash paid to suppliers and employees	(13,723,090)	(1,054,575)	434,694	(14,342,971)	(13,543,211)
Investment income received	253,384	21	-	253,405	128,757
Other income received	134,763	125,475	-	260,238	225,817
Interest paid	(1,422)	-	-	(1,422)	(4,486)
<i>Net cash and cash equivalents provided by (used in) operating activities</i>	<u>422,769</u>	<u>15,688</u>	<u>-</u>	<u>438,457</u>	<u>(171,839)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property and equipment	(364,546)	-	-	(364,546)	(206,419)
Purchases of investments	(244,182)	-	-	(244,182)	(434,260)
Proceeds from investments	605,433	-	-	605,433	429,374
<i>Net cash and cash equivalents used in investing activities</i>	<u>(3,295)</u>	<u>-</u>	<u>-</u>	<u>(3,295)</u>	<u>(211,305)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments on capital lease arrangement	(24,436)	-	-	(24,436)	(47,232)
NET CHANGE IN CASH AND CASH EQUIVALENTS	395,038	15,688	-	410,726	(430,376)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,318,018</u>	<u>787,832</u>	<u>-</u>	<u>3,105,850</u>	<u>3,536,226</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,713,056</u>	<u>\$ 803,520</u>	<u>\$ -</u>	<u>\$ 3,516,576</u>	<u>\$ 3,105,850</u>
NON-CASH INVESTMENT ACITIVITY					
Equipment purchased via capital lease arrangement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,970</u>

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

	Visit Indy	Tourism Tomorrow Indy	Eliminations	Consolidated Totals	
				2017	2016
CHANGE IN NET ASSETS	<u>\$ 983,625</u>	<u>\$ (92,616)</u>	<u>\$ -</u>	<u>\$ 891,009</u>	<u>\$ 724,339</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Depreciation and amortization	420,065	41,367	-	461,432	490,401
Loss on disposal of property and equipment	-	-	-	-	357
Unrealized gain on investments	(534,138)	-	-	(534,138)	(168,791)
Realized gain on investments	(24,504)	-	-	(24,504)	(6,228)
<i>(Increase) decrease in operating assets:</i>					
Accounts receivable:					
Partnership dues	(48,313)	-	-	(48,313)	82,366
Intercompany, net	-	53,325	(53,325)	-	-
Convention and event, net	(263,263)	-	-	(263,263)	(273,359)
Other, net	22,080	153,156	-	175,236	(235,349)
Grants receivable	-	50,000	-	50,000	50,000
Prepayments and other	6,206	1,250	-	7,456	(66,633)
<i>Increase (decrease) in operating liabilities:</i>					
Accounts payable:					
Trade	155,556	(88,853)	-	66,703	94,744
Related parties	(157,901)	(20)	-	(157,921)	175,260
Intercompany, net	(53,325)	-	53,325	-	-
Other accruals	171,668	(12,963)	-	158,705	684,273
Deferred revenue:					
Partnership dues	21,637	-	-	21,637	11,003
Other	(276,624)	(88,958)	-	(365,582)	(234,222)
Refundable advance	-	-	-	-	(1,500,000)
<i>Total adjustments</i>	<u>(560,856)</u>	<u>108,304</u>	<u>-</u>	<u>(452,552)</u>	<u>(896,178)</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 422,769</u>	<u>\$ 15,688</u>	<u>\$ -</u>	<u>\$ 438,457</u>	<u>\$ (171,839)</u>

VISIT INDY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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. d/b/a Tourism Tomorrow Indy (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, 2016, 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 \$628,739 and \$529,005, respectively, at December 31, 2017 and 2016.

VISIT INDY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 \$75,000 and \$125,000 as of December 31, 2017 and 2016, respectively. 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>2017</u>	<u>2016</u>
Leasehold improvements, office furniture, and equipment	\$ 2,398,812	\$ 2,373,519
Computer equipment, software, and web design	<u>1,468,604</u>	<u>2,754,311</u>
	3,867,416	5,127,830
Accumulated depreciation	<u>(2,805,926)</u>	<u>(3,969,454)</u>
	<u>\$ 1,061,490</u>	<u>\$ 1,158,376</u>

VISIT INDY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 with restrictions specified by the donors or grantors related to purpose 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 were no temporarily restricted net assets at December 31, 2017. There was \$153,922 of net assets temporarily restricted for Film Indy at December 31, 2017 and 2016. 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, 2017 or 2016.

ADVERTISING

The Organization incurred \$1,811,006 and \$1,745,644 in advertising production and advertising placement expense for 2017 and 2016, respectively. These costs are expensed as incurred.

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

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, 2017 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equities:		
S&P index fund	\$ 1,224,715	\$ 1,224,715
Europe hedged equity	106,944	106,944
Emerging markets index fund	97,444	97,444
Mutual funds:		
Value fund	495,630	495,630
Blend fund	706,557	706,557
Growth fund	866,591	866,591
Global equity	169,282	169,282
Fixed income mutual funds:		
Intermediate-term bond	1,572,919	1,572,919
Bank loan	213,534	213,534
Short-term bond	589,336	589,336
Large growth fund	143,443	143,443
Nontraditional bond	251,319	251,319
Total	<u>\$ 6,437,714</u>	<u>\$ 6,437,714</u>

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

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
World allocation	589,923	589,923
Large growth fund	98,892	98,892
Nontraditional bond	248,038	248,038
Bonds:		
Treasury bond	200,125	200,125
Agency bond	200,201	200,201
Total	<u>\$ 6,240,323</u>	<u>\$ 6,240,323</u>

The Organization had no Level 2 or Level 3 investments at December 31, 2017 and 2016. 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.

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 4, 2018 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, 2017, the Organization had balances in excess of federally insured limits.

3. INVESTMENTS

Cost and fair values at December 31, 2017 are as follows:

	<u>Cost</u>	<u>Cumulative Unrealized Gain</u>	<u>Market Value</u>
Equities	\$ 1,122,407	\$ 306,696	\$ 1,429,103
Mutual funds	1,843,931	394,129	2,238,060
Fixed income	<u>2,765,285</u>	<u>5,266</u>	<u>2,770,551</u>
	<u>\$ 5,731,623</u>	<u>\$ 706,091</u>	<u>\$ 6,437,714</u>

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
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

3. INVESTMENTS, CONTINUED

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

	<u>2017</u>	<u>2016</u>
Interest income	\$ 21	\$ 5
Dividend income	253,384	128,752
Realized gain	24,504	6,228
Unrealized gain	534,138	168,791
	<u>\$ 812,047</u>	<u>\$ 303,776</u>

4. CAPITAL LEASE OBLIGATION

Visit Indy has a capital lease arrangement for equipment with a total cost of \$96,970 and total accumulated amortization of \$66,667 and \$42,424 as of December 31, 2017 and 2016, respectively. 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.

Future minimum lease payments under the capital lease are \$25,859 due in 2018, including interest payments of \$557.

5. 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 79% and 80% of Visit Indy's total revenue in 2017 and 2016, respectively, and have been presented in the statement of activities as promotional service fees. Visit Indy's contract with the CIB extends through December 31, 2018 and Visit Indy will receive \$12,677,755 of promotional service fees in 2018. Visit Indy expects to renew the contract annually.

In 2015, 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 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 the appropriate level of funds.

The required matching condition was met and accordingly the contingent funds were fully recognized as revenue in the accompanying statement of activities in 2016.

VISIT INDY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

6. 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 2017 and 2016, the Organization contributed \$566,347 and \$540,155, respectively, to the plan.

In addition, Visit Indy has a liability totaling \$305,949 and \$260,930 at December 31, 2017 and 2016, respectively, included in other accruals on the consolidating statements of financial position for post employment benefits for current and retired key employees.

7. CONTRIBUTED GOODS AND USE OF FACILITIES

During 2017 and 2016, contributed goods and use of facilities were received by the Organization. The fair market value of these goods and facilities of \$557,321 and \$651,628 for 2017 and 2016, respectively, has been reflected in the accompanying consolidating financial statements, which includes \$134,910 and \$136,452 for office rent and parking for 2017 and 2016, 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.

8. RELATED PARTY TRANSACTIONS

At December 31, 2017 and 2016, the Organization had \$124,534 and \$282,455 owed to companies related to members of the Board of Directors. The Organization paid companies related to members of the Board of Directors \$3,380,926 and \$1,597,772 for insurance, legal, and other services during 2017 and 2016, respectively. The Board members affected did not vote to approve these transactions.

9. 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 for 2017 and 2016.

Visit Indy leases advertisement space which is payable annually. Total annual lease expense for 2017 and 2016 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 2017 was \$196,723 and \$252,500, respectively. Total lease income and expense for 2016 was \$199,851 and \$252,500, respectively.

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

9. OPERATING LEASES, CONTINUED

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>
2018	\$ 252,500	\$ 168,822	\$ (83,678)
2019	84,167	56,274	(27,893)
	<u>\$ 336,667</u>	<u>\$ 225,096</u>	<u>\$ (111,571)</u>

10. COMMITMENTS

As of December 31, 2017, Visit Indy has committed to spend \$3,297,616 on future conventions to be held from 2018 through 2023. 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>
2018	\$ 1,619,843	\$ (877,823)	\$ 742,020
2019	441,411	(118,300)	323,111
2020	451,603	(77,126)	374,477
2021	439,094	-	439,094
2022	298,915	-	298,915
2023	46,750	-	46,750
	<u>\$ 3,297,616</u>	<u>\$ (1,073,249)</u>	<u>\$ 2,224,367</u>

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 2017 and 2016.

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2017 AND 2016

11. 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	\$ -	\$ 53,922	State and Local
State Market Research	Indiana Office of Tourism Development	N/A	145,827	145,827	State and Local
Services	Indiana Capital Board of Managers of Marion County	N/A	12,308,499	12,308,499	State and Local
Total funding			\$12,454,326	\$12,508,248	

12. RECLASSIFICATION

Certain items on the 2016 financial statements have been reclassified to conform to the 2017 presentation. There was no effect on previously reported net assets.