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July 9, 2018

Board of Directors
The Convention and Visitors Bureau of Monroe County, Inc.
2855 N. Walnut Street
Bloomington, IN 47404

We have reviewed the report prepared by The Convention and Visitors Bureau of Monroe County, Inc. and opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of The Convention and Visitors Bureau of Monroe County, 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, Blue & Co., 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
Paul D. Joyce, CPA
State Examiner

**THE CONVENTION AND VISITORS BUREAU OF
MONROE COUNTY, INC.**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

(MODIFIED CASH BASIS)

DECEMBER 31, 2017 AND 2016

CPAs / ADVISORS



THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

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DECEMBER 31, 2017 AND 2016

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
The Convention and Visitors Bureau of Monroe County, Inc.
Bloomington, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements – modified cash basis of The Convention and Visitors Bureau of Monroe County, Inc. (the “Organization”) which comprise the statements of financial position – modified cash basis as of December 31, 2017 and 2016, and the related statements of activities – 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 described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blue & Co., LLC

Seymour, Indiana

March 1, 2018

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash	\$ 390,364	\$ 296,026
Inventory	6,579	3,228
Restricted cash	<u>2,122</u>	<u>12,067</u>
	<u>\$ 399,065</u>	<u>\$ 311,321</u>

LIABILITIES AND NET ASSETS

Liabilities

Withheld sales and payroll taxes	\$ 1,419	\$ 1,110
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Net assets

Unrestricted net assets	395,524	283,894
Temporarily restricted net assets	<u>2,122</u>	<u>26,317</u>
Total net assets	<u>397,646</u>	<u>310,211</u>
	<u>\$ 399,065</u>	<u>\$ 311,321</u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2017
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE
 YEAR ENDED DECEMBER 31, 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and support				
Commission	\$ 1,596,200	\$ -0-	\$ 1,596,200	\$ 1,477,963
Contributions	14,000	-0-	14,000	42,250
Retail sales	12,874	-0-	12,874	10,532
Visitors guide ad sales	109,654	-0-	109,654	105,931
Hotel rebate income	-0-	-0-	-0-	5,266
Sporting event fees	4,541	-0-	4,541	39
Interest income	2	-0-	2	11
Miscellaneous	31,919	-0-	31,919	654
Net assets released from restrictions	<u>24,195</u>	<u>(24,195)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and support	1,793,385	(24,195)	1,769,190	1,642,646
Expenses				
Convention and promotion	421,576	-0-	421,576	454,517
Tourism development	895,574	-0-	895,574	761,240
Management and general	<u>364,605</u>	<u>-0-</u>	<u>364,605</u>	<u>399,002</u>
Total expenses	<u>1,681,755</u>	<u>-0-</u>	<u>1,681,755</u>	<u>1,614,759</u>
Change in net assets	111,630	(24,195)	87,435	27,887
Net assets, beginning of year	<u>283,894</u>	<u>26,317</u>	<u>310,211</u>	<u>282,324</u>
Net assets, end of year	<u>\$ 395,524</u>	<u>\$ 2,122</u>	<u>\$ 397,646</u>	<u>\$ 310,211</u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Commission	\$ 1,477,963	\$ -0-	\$ 1,477,963
Contributions	28,000	14,250	42,250
Retail sales	10,532	-0-	10,532
Visitors guide ad sales	105,931	-0-	105,931
Hotel rebate income	5,266	-0-	5,266
Sporting event fees	39	-0-	39
Interest income	11	-0-	11
Miscellaneous	654	-0-	654
Net assets released from restrictions	<u>14,692</u>	<u>(14,692)</u>	<u>-0-</u>
Total revenues and support	1,643,088	(442)	1,642,646
Expenses			
Convention and promotion	454,517	-0-	454,517
Tourism development	761,240	-0-	761,240
Management and general	<u>399,002</u>	<u>-0-</u>	<u>399,002</u>
Total expenses	<u>1,614,759</u>	<u>-0-</u>	<u>1,614,759</u>
Change in net assets	28,329	(442)	27,887
Net assets, beginning of year	<u>255,565</u>	<u>26,759</u>	<u>282,324</u>
Net assets, end of year	<u>\$ 283,894</u>	<u>\$ 26,317</u>	<u>\$ 310,211</u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating activities		
Change in net assets	\$ 87,435	\$ 27,887
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Inventory	(3,351)	1,070
Withheld sales and payroll taxes	<u>309</u>	<u>180</u>
Net cash flows from operating activities	84,393	29,137
Investing activities		
Change in restricted cash	<u>9,945</u>	<u>14,692</u>
Net change in cash	94,338	43,829
Cash, beginning of year	<u>296,026</u>	<u>252,197</u>
Cash, end of year	<u><u>\$ 390,364</u></u>	<u><u>\$ 296,026</u></u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Convention and Visitors Bureau of Monroe County, Inc. ("the Organization") is a not-for-profit organization whose principal activities are to promote conventions, trade shows, tourism and special events principally in Monroe County. The Organization's revenues and other support are derived principally from an annual renewable contract with the Monroe County Convention and Visitors Commission (the "Commission"), a governmental body. Under the terms of the contract, the Commission pays a portion of the funds collected from the Monroe County Innkeeper's tax to the Organization. The funds must be used by the Organization for administration and to fulfill its principal activities.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. The basis differs from accounting principles generally accepted in the United States of America primarily because revenues are recognized when received rather than when earned, expenses are recognized when cash is disbursed rather than when the obligation is incurred, and purchases of property and equipment are expensed versus being capitalized; however, the recording of inventory is included.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with their basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Inventory

Inventory consists of retail merchandise that pertains to Monroe County, Indiana. Inventory is stated at the lower of cost or net realizable value. Cost of retail merchandise is determined using the first-in, first-out (FIFO) method.

Property and Equipment

The Commission advances funds to the Organization for the purchase of property and equipment. These funds are recorded as revenue. The Organization's purchases of property and equipment are expensed in the period of purchase. Ownership of the purchased assets is ultimately retained by the Commission.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Restricted Cash

Restricted cash includes monies received for the Community Wayfinder program at December 31, 2017 and 2016.

Basis of Presentation

Net assets and revenues, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions relating to a stipulated purpose or a specified time. 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 Statements of Activities as net assets released from restrictions.

Advertising Costs

Advertising costs are charged to operations when the cash is disbursed and totaled \$418,951 and \$202,469 for the years ended December 31, 2017 and 2016, respectively.

Expense Allocation

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to income tax on any unrelated business taxable income.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is March 1, 2018.

2. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets at December 31 are available for the following:

	<u>2017</u>	<u>2016</u>
Community Wayfinder Program	\$ 2,122	\$ 12,067
Future Sporting Events	<u>-0-</u>	<u>14,250</u>
	<u>\$ 2,122</u>	<u>\$ 26,317</u>

Temporarily restricted net assets were released due to satisfaction of purpose restrictions during the years ended December 31, 2017 and 2016, as follows:

	<u>2017</u>	<u>2016</u>
Community Wayfinder Program	\$ 9,945	\$ 14,692
Future Sporting Events	<u>14,250</u>	<u>-0-</u>
	<u>\$ 24,195</u>	<u>\$ 14,692</u>

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

3. OPERATING LEASES

Noncancellable operating leases for various items of equipment expire in various years through July 2021. These leases generally require the Organization to pay all executory costs (property taxes, maintenance and insurance). Rental expense for all operating leases for the years ended December 31, 2017 and 2016 was \$10,670 and \$12,168, respectively.

Future minimum lease payments subsequent to December 31, 2017 are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 11,266
2019	10,618
2020	5,194
2021	<u>2,422</u>
	<u>\$ 29,500</u>

4. RETIREMENT PLAN

The Organization has a defined contribution 401(k) plan covering substantially all employees. The Organization's contributions to the plan consist of a discretionary contribution and a matching contribution of twenty-five percent of employee contributions up to four percent of eligible employee compensation. Retirement plan expense was \$24,901 and \$22,841 for the years ended December 31, 2017 and 2016, respectively.

5. STATE, COUNTY, AND LOCAL FUNDING

In compliance with the Indiana State Board of Accountant's Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, state, local, and county funding must be disclosed for the current year. During 2017, the Organization received the following:

<u>Grantor</u>	
County	
Innskeeper Tax	<u>\$ 1,596,200</u>
Total county awards	<u>\$ 1,596,200</u>

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

6. COMMITMENT

In 2016, the Organization entered an agreement with a company for the development and hosting of the Organization's website. The agreement is effective for three years, through March 2019. Future payments per the agreement total \$34,100 per year.

7. CONCENTRATIONS

The Organization maintains its cash in bank accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. Management does not believe a significant credit risk on cash exists.

During 2017 and 2016, the Organization received 90 percent of its revenues and support from the Indiana Uniform County Innkeeper Tax.

8. RECENTLY ISSUED ACCOUNTING STANDARDS

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". On August 12, 2015, the FASB further amended this guidance and issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date for all entities by one year. These new standards, which the Organization is not required to adopt until its year ending December 31, 2019, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization is not required to adopt until its year ending December 31, 2018, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

SUPPLEMENTARY INFORMATION

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

SCHEDULES OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017				2016			
	Convention and Promotion	Tourism Development	Management and General	Total	Convention and Promotion	Tourism Development	Management and General	Total
Salaries, wages, and payroll taxes	\$ 164,008	\$ 164,007	\$ 218,676	\$ 546,691	\$ 163,159	\$ 163,159	\$ 217,546	\$ 543,864
Employee benefits	30,904	30,903	41,204	103,011	33,734	33,735	44,980	112,449
Programs and activities	89,063	72,870	-0-	161,933	87,475	71,570	-0-	159,045
Supplies	4,037	4,038	8,076	16,151	3,698	3,698	7,396	14,792
Travel and training	14,489	15,395	302	30,186	13,689	14,545	285	28,519
Maintenance	-0-	-0-	17,506	17,506	-0-	-0-	65,569	65,569
Utilities	-0-	-0-	8,851	8,851	-0-	-0-	8,440	8,440
Advertising	-0-	418,951	-0-	418,951	-0-	202,469	-0-	202,469
Insurance	608	609	13,996	15,213	590	589	13,558	14,737
Professional services	-0-	-0-	18,678	18,678	-0-	-0-	17,723	17,723
Printing and publications	8,054	24,161	-0-	32,215	36,918	110,754	-0-	147,672
Postage	24	143	72	239	69	413	206	688
Public relations	20,409	64,628	-0-	85,037	14,070	44,557	-0-	58,627
Office equipment	-0-	-0-	-0-	-0-	-0-	-0-	5,864	5,864
Telephone	1,870	1,814	1,814	5,498	1,971	1,913	1,913	5,797
Retail store cost of sales	5,407	5,407	-0-	10,814	4,178	4,179	-0-	8,357
Visitors guide ad cost of sales	32,992	32,993	-0-	65,985	35,818	35,819	-0-	71,637
Web development	32,773	32,773	-0-	65,546	51,477	51,477	-0-	102,954
Marketing research	10,381	10,381	-0-	20,762	4,556	4,557	-0-	9,113
Technology supplies and services	-0-	-0-	29,877	29,877	-0-	-0-	12,180	12,180
Professional development	6,557	6,556	3,278	16,391	3,115	3,114	1,557	7,786
Miscellaneous	-0-	-0-	2,275	2,275	-0-	-0-	1,785	1,785
Community Wayfinder program	-0-	9,945	-0-	9,945	-0-	14,692	-0-	14,692
	<u>\$ 421,576</u>	<u>\$ 895,574</u>	<u>\$ 364,605</u>	<u>\$ 1,681,755</u>	<u>\$ 454,517</u>	<u>\$ 761,240</u>	<u>\$ 399,002</u>	<u>\$ 1,614,759</u>

See Report of Independent Auditors on pages 1 and 2.