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September 23, 2019

Board of Directors  
Marion Grant County Convention and Visitors Bureau, Inc.  
P.O. Box 1327  
Marion, IN 46952

We have reviewed the audit report of Marion Grant County Convention and Visitors Bureau, Inc. which was opined upon by Dulin, Ward, & DeWald, Inc., Independent Public Accountants, for the period January 1, 2017 to December 31, 2018. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Marion Grant County Convention and Visitors Bureau, Inc. as of December 31, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Dulin, Ward, & DeWald, Inc. prepared the audit report in accordance with 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

**MARION GRANT COUNTY CONVENTION  
AND VISITORS BUREAU, INC.**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2018 and 2017**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Marion Grant County Convention and Visitors Bureau, Inc.  
Marion, Indiana

We have audited the accompanying financial statements of Marion Grant County Convention and Visitors Bureau, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2018 and 2017, and the related statements of support, revenue, expenses and change in net assets – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 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.

### Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Marion Grant County Convention and Visitors Bureau, Inc. as of December 31, 2018 and 2017, and its support, revenue and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which 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.



Fort Wayne, Indiana  
March 5, 2019

**MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**  
December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 493,691	\$ 355,600
Fixed assets - net	<u>8,356</u>	<u>9,285</u>
<b>Total Assets</b>	<b><u>\$ 502,047</u></b>	<b><u>\$ 364,885</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Payroll withholding and accruals	\$ 2,424	\$ 2,114
Net Assets:		
Without donor restrictions	<u>499,623</u>	<u>362,771</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 502,047</u></b>	<b><u>\$ 364,885</u></b>

The accompanying notes are an integral part of these financial statements.

**MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND CHANGE IN NET ASSETS -**  
**MODIFIED CASH BASIS**

Years Ended December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Support and Revenue:</b>		
Grant County Innkeepers Tax	\$ 437,511	\$ 388,486
Investment income	306	260
<b>Total Support and Revenue</b>	437,817	388,746
<b>Expenses:</b>		
Program services	246,620	338,070
Management and general	54,345	53,416
<b>Total Expenses</b>	300,965	391,486
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	136,852	(2,740)
<b>NET ASSETS - beginning of year</b>	362,771	365,511
<b>NET ASSETS - end of year</b>	\$ 499,623	\$ 362,771

The accompanying notes are an integral part of these financial statements.

**MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
Year Ended December 31, 2018

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 45,529	\$ 37,250	\$ 82,779
Payroll taxes	3,581	2,931	6,512
Employee benefits	1,108	906	2,014
	<hr/>	<hr/>	<hr/>
<b>Total Salaries and Related and Related Expenses</b>	50,218	41,087	91,305
Advertising and promotion	108,901	-	108,901
Attraction development and program costs	46,373	-	46,373
Professional fees	28,361	2,721	31,082
Occupancy	6,877	5,626	12,503
Dues, subscriptions and permits	2,229	1,824	4,053
Telephone	999	818	1,817
Postage	867	710	1,577
Office supplies	817	669	1,486
Automobile	167	137	304
Meals and entertainment	165	135	300
Miscellaneous	135	110	245
Repairs and maintenance	-	90	90
	<hr/>	<hr/>	<hr/>
<b>Total Expenses Before Depreciation</b>	246,109	53,927	300,036
Depreciation expense	511	418	929
	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	<u>\$ 246,620</u>	<u>\$ 54,345</u>	<u>\$ 300,965</u>

The accompanying notes are an integral part of these financial statements.

**MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
Year Ended December 31, 2017

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 41,860	\$ 34,249	\$ 76,109
Payroll taxes	3,145	2,574	5,719
Employee benefits	844	690	1,534
	<hr/>	<hr/>	<hr/>
<b>Total Salaries and Related and Related Expenses</b>	45,849	37,513	83,362
Advertising and promotion	116,989	-	116,989
Attraction development and program costs	135,818	-	135,818
Professional fees	26,475	5,315	31,790
Occupancy	6,592	5,393	11,985
Dues, subscriptions and permits	1,309	1,071	2,380
Telephone	1,274	1,042	2,316
Postage	916	750	1,666
Office supplies	643	527	1,170
Automobile	1,063	870	1,933
Meals and entertainment	125	103	228
Miscellaneous	124	102	226
	<hr/>	<hr/>	<hr/>
<b>Total Expenses Before Depreciation</b>	337,177	52,686	389,863
Depreciation expense	893	730	1,623
	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	<u>\$ 338,070</u>	<u>\$ 53,416</u>	<u>\$ 391,486</u>

The accompanying notes are an integral part of these financial statements.

**MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS**  
Years Ended December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 136,852	\$ (2,740)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	929	1,623
Changes in assets and liabilities:		
Increase (decrease) in:		
Payroll withholdings and accruals	310	(480)
	<u>138,091</u>	<u>(1,597)</u>
<b>Cash Flows From Operating Activities</b>		
	<u>138,091</u>	<u>(1,597)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	138,091	(1,597)
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>355,600</u>	<u>357,197</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><u>\$ 493,691</u></u>	<u><u>\$ 355,600</u></u>

The accompanying notes are an integral part of these financial statements.

**MARION GRANT COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018 and 2017

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Marion Grant County Convention and Visitors Bureau, Inc. (the Organization) is a non-profit organization located in Marion, Indiana, Grant County. The Organization was formed to promote and develop the tourism industry in Grant County for the economic growth of the community.

Pursuant to I.C. 6-9-18, the Grant County Convention, Recreation and Visitors Commission (Commission) serves as the Board of Directors of the Organization. As such, the Commission has both control and economic interest in the Organization. Consequently, the Organization is considered a wholly owned subsidiary of the Commission. These financial statements present only the financial position, changes in net assets and cash flows of the Organization.

**Income Taxes**

The Organization is exempt from income tax under Section 501(c)(4) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

**Recent Accounting Guidance**

During 2018 the Organization adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Basis of Accounting**

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis include recognition of fixed assets and related depreciation and payroll tax withholdings. This basis differs from generally accepted accounting principles primarily because the Organization has not recognized accounts payable and accruals and their related effects on earnings in the accompanying financial statements.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(continued)

**Estimates**

The process of preparing financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Fixed Assets**

Fixed assets are stated at cost or, if donated, at fair value at the date of the gift. All items with a cost in excess of \$2,000 and a useful life in excess of five years are capitalized. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets.

**Net Assets**

Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Functional Expenses**

The costs of providing program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(continued)

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(continued)

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, benefits, occupancy, dues, subscriptions and permits, telephone, postage, office supplies, automobile, meals and entertainment, and miscellaneous, which are allocated on the basis of estimates of time and effort.

**Subsequent Events**

Management has evaluated subsequent events through March 5, 2019, the date which the financial statements were available for issue.

**2. FIXED ASSETS**

The components of fixed assets are as follows:

	<b>2018</b>	<b>2017</b>
Office equipment	\$ 7,907	\$ 7,907
Furniture	1,080	1,080
Leasehold improvements	13,928	13,928
Software and website development	<u>16,497</u>	<u>16,497</u>
	39,412	39,412
Accumulated depreciation	<u>31,056</u>	<u>30,127</u>
	<u>\$ 8,356</u>	<u>\$ 9,285</u>

**3. RETIREMENT PLAN**

The Organization has a defined contribution plan. Contributions to the plan are made for eligible employees. Contributions are 3% of the participant's compensation limited by the amount of employee contributions. Employee benefit expense under this plan was \$1,370 for 2018 and \$1,332 for 2017.

**4. ADVERTISING**

Advertising costs are charged to operations as incurred and totaled \$108,901 for 2018 and \$116,989 for 2017.

**5. OPERATING LEASES**

The Organization leased a vehicle under an operating lease the expired in 2017. Monthly payments were \$304 and rental expense under the noncancelable lease was \$1,521 for 2017.

In addition, the Organization leases office space under an operating lease expiring in 2019. The lease requires annual payments of \$3,600. Total rental expense under the noncancelable lease was \$3,600 for both 2018 and 2017.

Minimum future rental payments under the noncancelable operating leases as of December 31, 2018 for each of the next five years and in the aggregate are as follows:

2019	\$	600
2020 and thereafter		<u>-</u>
Total lease commitments	\$	<u>600</u>

In addition, the Organization leases office space on a month-to-month basis. Total rental expense under cancelable operating leases was \$7,200 for both 2018 and 2017.

**6. RELATED PARTY**

Activities with the Grant County Convention, Recreation, and Visitors Commission includes the following:

	<b>2018</b>	<b>2017</b>
Receipt of Grant County innkeepers tax	\$ <u>437,511</u>	\$ <u>388,486</u>

**7. CREDIT RISK AND CONCENTRATIONS**

The Marion Grant County Convention and Visitors Bureau, Inc. received over 99% of its revenue from Grant County, Indiana from collections of innkeepers tax. The innkeepers tax collected is distributed to the Organization by the Grant County Convention, Recreation, and Visitors Commission under an agreement which may be terminated by either party with 30 days notice.

**8. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018, comprise the following:

Cash and cash equivalents	\$ 493,691
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For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to its ongoing activities of promoting and developing the tourism industry in Grant County to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization strives to operate with a balanced budget each year and maintain assets on hand to meet at least six months of expenses. The quarterly innkeepers tax revenue draws typically cover the quarterly expenses of the Organization.