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September 23, 2019

Board of Directors
Vincennes/Knox County Visitors and Tourism Bureau, Inc.
P.O. Box 602
Vincennes, IN 47591

We have reviewed the audit report of Vincennes/Knox County Visitors and Tourism Bureau, Inc. which was opined upon by Kemper CPA Group LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Vincennes/Knox County Visitors and Tourism Bureau, 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, Kemper CPA Group LLP 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

**VINCENNES/KNOX COUNTY VISITORS
AND TOURISM BUREAU, INC.
(An Indiana Nonprofit Corporation)**

VINCENNES, INDIANA

FINANCIAL STATEMENTS

**For The Years Ended
December 31, 2017 and 2016**

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.
FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Vincennes/Knox County Visitors & Tourism Bureau, Inc.
Vincennes, Indiana

We have audited the accompanying financial statements of Vincennes/Knox County Visitors & Tourism Bureau, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows 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 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Vincennes/Knox County Visitors & Tourism Bureau, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Handwritten signature in black ink that reads "KEMPER CPA GROUP LLP". The signature is written in a cursive, flowing style.

Kemper CPA Group LLP
Certified Public Accountants and Consultants

Vincennes, Indiana
April 24, 2018

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 258,527	\$ 210,752
Certificates of deposits	203,375	202,714
Grant receivable	96,164	91,619
Prepaid expenses	7,295	7,295
TOTAL CURRENT ASSETS	565,361	512,380
FIXED ASSETS		
Office building and improvements	47,135	47,135
Office equipment	6,961	6,961
Leasehold improvements	27,374	27,374
Less: accumulated depreciation	(31,469)	(28,055)
TOTAL FIXED ASSETS, NET	50,001	53,415
 TOTAL ASSETS	 \$ 615,362	 \$ 565,795
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,316	\$ 10,864
Deferred Revenue	-	750
Payroll liabilities	2,193	2,345
TOTAL CURRENT LIABILITIES	3,509	13,959
NET ASSETS		
Unrestricted	594,979	535,854
Temporarily restricted	16,874	15,982
TOTAL NET ASSETS	611,853	551,836
 TOTAL LIABILITIES & NET ASSETS	 \$ 615,362	 \$ 565,795

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT		
Tourism commission revenue	\$ 350,937	\$ 347,288
Afghans and replicas income	1,876	2,688
Special events income	-	1,573
Miscellaneous income	343	154
Membership fees	1,268	1,615
Interest income	935	1,161
Net assets released from restriction (time restriction)	16,203	26,485
TOTAL REVENUE AND OTHER SUPPORT	371,562	380,964
 EXPENSES		
Public relations and advertising	133,794	189,167
Wages	80,365	77,660
Tourism development donation	27,500	26,967
Special events expense	16,303	28,320
Office expense	17,469	14,857
Dues and subscriptions	5,831	6,373
Afghans and replicas	2,221	1,774
Meals and entertainment	3,894	3,254
Utilities	5,999	5,965
Payroll and other taxes	6,400	6,202
Depreciation	3,414	3,900
Travel	1,211	2,177
Seminars	529	5,412
Employee benefits	2,169	2,103
Repairs and maintenance	3,932	7,479
Accounting and legal	1,355	8,795
TOTAL EXPENSES	312,386	390,405
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	59,176	(9,441)
 TEMPORARILY RESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT		
Contributions	17,044	18,355
Net assets released from restriction (time restriction)	(16,203)	(26,485)
 INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	841	(8,130)
 INCREASE (DECREASE) IN NET ASSETS	60,017	(17,571)
 NET ASSETS, beginning of year	551,836	569,407
 NET ASSETS, end of year	\$ 611,853	\$ 551,836

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

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ 60,017	\$ (17,571)
Adjustments to reconcile increase in net assets to net cash used by operating activities		
Depreciation	3,414	3,900
(Increase) Decrease in grant receivables	(4,545)	(21,373)
(Increase) Decrease in prepaid expenses	-	8,661
Increase (Decrease) in accounts payable	(9,548)	7,619
Increase (Decrease) in deferred revenue	(750)	750
Increase (Decrease) in payroll liabilities	(152)	11
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	48,436	(18,003)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificates of deposit	(661)	(24,433)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(661)	(24,433)
 INCREASE (DECREASE) IN CASH	 47,775	 (42,436)
CASH, beginning of year	210,752	253,188
CASH, end of year	\$ 258,527	\$ 210,752

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

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Organization

Vincennes/Knox County Visitors and Tourism Bureau, Inc., (“VTB”) is a not-for-profit organization which was established February 1, 1996, to promote tourism in the City of Vincennes and in Knox County, Indiana, and has become a coordinator of group tours to local attractions. VTB is primarily funded by and dependent upon continued funding from the Vincennes/Knox County Tourism Commission, as described in Note 2.

B. Basis of Accounting

The financial statements of the VTB have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958, Not-For-Profit Entities. Under ASC 958, the VTB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the VTB to review its plans for future tourism development donations from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such donations.

E. Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Credit Risk

The VTB maintains cash and certificate of deposit balances at multiple financial institutions in Vincennes, Indiana. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The VTB's uninsured cash balances were \$146,362 and \$2,858, respectively, as of December 31, 2017 and 2016.

G. Income Taxes

VTB has been granted exemption from federal income taxes in accordance with Code Section 501(c)(6) of the Internal Revenue Code as a business league organized for nonprofit purposes.

H. Public Relations and Advertising

The VTB uses advertising to promote its programs among the audiences it serves and to increase tourism to the community. Public relations and advertising costs are expensed as incurred. Public relations and advertising expense for the years ended December 31, 2017 and 2016 were \$133,794 and \$189,167, respectively.

I. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Date of Management's Review

Management has evaluated subsequent events through April 24, 2018, the date which the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

The VTB is related to the Vincennes/Knox County Tourism Commission through the VTB's creation by the Tourism Commission and appointment of certain Directors to the VTB's Board by the Tourism Commission. Over 90% of the VTB's annual financial support comes to it through a contract with the Tourism Commission for funds collected through a local tourism tax. This support totaled \$350,937 for 2017 and \$347,288 for 2016. The Tourism Commission also reimburses the VTB for specific expenses related to marketing Vincennes and Knox County. Grant receivable of \$96,164 and \$91,619 was due from the Tourism Commission as of December 31, 2017 and 2016, respectively.

VINCENNES/KNOX COUNTY VISITORS AND TOURISM BUREAU, INC.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 3 – CERTIFICATES OF DEPOSIT

Certificates of deposit consist of the following:

	<u>2017</u>		
<u>Institution</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>
First Vincennes Savings Bank	0.40%	04/26/18	\$ 100,452
First Vincennes Savings Bank	0.40%	05/22/18	102,923
Total			<u>\$ 203,375</u>

	<u>2016</u>		
<u>Institution</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>
First Vincennes Savings Bank	0.25%	04/26/18	\$ 100,125
First Financial Bank	0.25%	05/22/17	102,589
Total			<u>\$ 202,714</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Depreciation is computed using the straight-line method with lives of 5 to 7 years for office equipment and 15 to 39 years for building and improvements. Depreciation amounted to \$3,414 and \$3,900 for 2017 and 2016, respectively.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized if over \$2,500. The basis for valuation of depreciable assets is cost when purchased or fair market value when contributed. Expenditures for maintenance and repairs are charged to expense as incurred.

NOTE 5 – INCOME TAXES

The VTB files income tax returns in the U.S. federal jurisdiction and the State of Indiana. The VTB is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2014.