



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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September 26, 2019

Board of Directors
Visit Madison, Inc.
601 West First Street
Madison, IN 47250

We have reviewed the audit report of Visit Madison, Inc. which was opined upon by Scott and Callicotte, LLC, 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 Madison, 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, Scott and Callicotte, LLC 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

VISIT MADISON, INCORPORATED
Madison, Indiana

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended
December 31, 2017 and 2016

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	3
Combined Statement of Support, Revenue, and Expenses, and Changes in Net Assets – Modified Cash Basis	4
Notes to Financial Statements	5-7
Supplementary Information:	
Schedule I – Agency	8
Schedule II – Chautauqua Event	9
Schedule III – Nights Before Christmas Event	10
Schedule IV – Ribberfest Event	11
Schedule V – River Roots Folk Festival	12
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards	13-14

SCOTT AND CALLICOTTE, LLC

■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Certified Public Accountants

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American Institute of Certified Public Accountants
and Indiana Certified Public Accountants Society*

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Visit Madison, Incorporated
Madison, Indiana

We have audited the accompanying statements of Visit Madison, Incorporated (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2017 and 2016, and the related statements of support, revenue and expenses, and changes in net assets – 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 A; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 assets, liabilities, and net assets of Visit Madison, Incorporated as of December 31, 2017 and 2016, and its support, revenue, and expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statements of support, revenue and expenses, and change in net assets – modified cash basis on pages 8-12 are presented for purposes of additional analysis and are 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2019, on our consideration of Visit Madison, Incorporated's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Visit Madison, Incorporated's internal control over financial reporting and compliance.

Scott and Callicott, LLC
Scott and Callicott, LLC
Certified Public Accountants

August 16, 2019

VISIT MADISON, INCORPORATED
Statement of Assets, Liabilities and Net Assets
Modified Cash Basis
As of December 31,

	2017	2016
ASSETS		
CURRENT ASSETS		
Agency:		
Cash - Checking and Savings Accounts	\$ 42,051	\$ 59,842
Cash - Book Savings Account	4,838	4,836
Cash - Underground Railroad Account	4,640	4,637
Certificates of Deposit	25,751	25,532
Madison Chautauqua:		
Cash - Checking and Savings Accounts	14,574	12,248
Certificates of Deposit	66,072	65,228
Nights Before Christmas:		
Cash - Checking and Savings Accounts	53,111	43,732
Ribberfest:		
Cash - Checking and Savings Accounts	170,069	149,458
Certificates of Deposit	158,684	156,863
River Roots Folk Festival		
Cash - Checking and Savings Accounts	2,212	11,869
Total Current Assets	542,002	534,245
PROPERTY AND EQUIPMENT		
Equipment	73,583	73,583
Less Accumulated Depreciation	-50,618	-46,018
Net Property and Equipment	22,965	27,565
TOTAL ASSETS	\$ 564,967	\$ 561,810
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll Taxes Payable	\$ 5,529	\$ 5,301
Employee Benefits Payable	1,025	904
Total Current Liabilities	6,554	6,205
NET ASSETS		
Unrestricted	558,413	555,605
TOTAL LIABILITIES AND NET ASSETS	\$ 564,967	\$ 561,810

See Notes to Financial Statements.

VISIT MADISON, INCORPORATED
Combine Statement of Support, Revenue, and Expenses, and Changes in Net Assets
Modified Cash Basis
For the Years Ended

	December 31, 2017						December 31, 2016
	Agency	Chautauqua	Nights Before Christmas	Ribberfest	River Roots Folk Festival	Total	Total
Support and Revenue	\$ 252,177	\$ 121,348	\$ 64,522	\$ 425,584	\$ 141,475	\$ 1,005,106	\$ 955,829
Expenses	<u>272,952</u>	<u>118,551</u>	<u>55,143</u>	<u>404,520</u>	<u>151,132</u>	<u>1,002,298</u>	<u>984,647</u>
Changes in Net Assets	-20,775	2,797	9,379	21,064	-9,657	2,808	-28,818
Net Assets, Beginning of Year	<u>100,183</u>	<u>78,175</u>	<u>43,732</u>	<u>321,646</u>	<u>11,869</u>	<u>555,605</u>	<u>584,423</u>
Net Assets, End of Year	<u>\$ 79,408</u>	<u>\$ 80,972</u>	<u>\$ 53,111</u>	<u>\$ 342,710</u>	<u>\$ 2,212</u>	<u>\$ 558,413</u>	<u>\$ 555,605</u>

See Notes to Financial Statements.

VISIT MADISON, INCORPORATED

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Visit Madison Incorporated (the Agency) is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management, who is responsible for their integrity and objectivity.

The more significant accounting policies of the Agency are as follows:

Nature of Operations

The Agency is a private non-profit organization, which was started in January 1993. Its mission is to enrich tourism development, coordinate the area's tourism activity, develop the convention market and increase the overall visitation to the area. The Agency oversees the management of tourism events in the Madison Area including the Nights Before Christmas event, the Chautauqua event, the Ribberfest event, and the River Roots Folk Music Festival.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under this basis, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. This basis differs from accounting principles generally accepted in the United States.

Basis of Presentation

The financial statement presentation follows the recommendation of the SFAS No. 117, "Financial Statements of Non-For-Profit Organizations." Under SFAS No. 117, the Agency is required to report information regarding its assets, liabilities, support, revenue and expenses according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. There are no temporarily or permanently restricted net assets at December 31, 2017 and 2016.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting, as described above, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities, if any, at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

VISIT MADISON, INCORPORATED

Notes to Financial Statements-Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Sources of Support and Revenue

The Agency receives revenues from a contract with the Jefferson County Board of Tourism. The Agency received \$191,360 and \$176,500, respectively for each of the years 2017 and 2016. The Agency also receives revenues from Jefferson County and the City of Madison Indiana governments. The amounts received from Jefferson County and the City of Madison in 2017 was \$1,500 and \$10,000, respectively and \$0 and \$10,000, respectively for the year 2016.

The Agency administers four major special events, which promote the city of Madison and Jefferson County in Indiana and generate support and revenues for the Agency. The Chautauqua event receives support and revenues from booth deposits, sponsorships, jury fees, and sales of merchandise and concessions. The Nights Before Christmas event receives support and revenues from ticket sales and sponsorships. The Ribberfest event receives support and revenues from ticket and food sales, and sponsorships. The River Roots Folk Festival receives support and revenues from ticket and food sales, and sponsorships.

Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Agency does not have any cash equivalents at December 31, 2017 and 2016.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at date of donation. Maintenance and repairs are charged to expense as incurred; renewals and betterments are capitalized. Gain or loss on retirements or disposition of assets are credited or charged to operations, and respective costs and accumulated depreciation are eliminated from the accounts.

Depreciation is provided on the basis of estimated useful lives of the assets using the straight-line method. The estimated useful lives are 5 to 10 years for equipment.

Advertising

The Agency expenses costs of advertising events when paid for. The total advertising expense during the years ended December 31, 2017 and 2016 was \$66,419 and \$81,944.

Subsequent Events

The Agency has evaluated subsequent events through August 16, 2019, which is the date the financial statements were available to be issued, for events requiring recording or disclosures in the financial statements for the year ended December 31, 2017.

VISIT MADISON, INCORPORATED

Notes to Financial Statements-Continued

NOTE 2 – DONATED SERVICES AND PROPERTY

Donated property, materials, equipment and cash are included within other revenue in the accompanying financial statements at their estimated fair market value at the date of receipt. Donated services have not been valued and are not reflected in this report because the criteria for recognition of such volunteer effort under SFAS No. 116, "Accounting for Contributions Received and Contributions Made", have not been satisfied.

NOTE 3 – PENSION COSTS

The Agency has a Simple IRA retirement plan (Plan) covering substantially all full-time employees who meet certain requirements as to age and length of service. Under the Plan, employees can contribute up to a maximum of \$12,500 to the Plan for the year 2017. The Agency matches 3% of the participating employee's salary. The Agency contributed \$3,652 and \$4,468, respectively, to the Plan for the years ended December 31, 2017 and 2016. This amount is included in employee benefits in the accompanying financial statements.

NOTE 4 – LEASE COMMITMENTS

The Agency shares its current facilities with the Lanier State Historic Site. The facility is owned by the Department of Natural Resources' Division of State Museums & Historic Sites. A memorandum of understanding between the parties provides that in lieu of paying rent, the Agency is to provide reception and gift shop personnel in areas shared with the Lanier Home.

NOTE 5 – INCOME TAXES

The Agency has qualified under Internal Revenue Code Section 501(c)(6) and with the State of Indiana as a tax-exempt organization for income tax purposes. Accordingly, there is no provision in the financial statements for federal or state taxes. Generally, the Agency's Form 990 remains open for three years for federal and state income tax examination.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Agency receives a substantial amount of support from the Jefferson County Board of Tourism. The source of this support is the Jefferson County innkeeper's tax. A significant reduction in the level of this support, if this were to occur, may have an effect on the Agency's programs and activities.

VISIT MADISON, INCORPORATED

AGENCY

SCHEDULE I

Statement of Support, Revenue, and Expenses, and Changes in Net Assets
Modified Cash Basis
For the Years Ended December 31,

	2017	2016
SUPPORT		
Jefferson County Board of Tourism	\$ 191,360	\$ 176,500
Jefferson County	1,500	0
City of Madison	10,000	10,000
REVENUE		
Event Management Fees	33,275	29,605
Other Revenue	15,801	34,549
Interest Income	241	244
TOTAL SUPPORT AND REVENUE	<u>252,177</u>	<u>250,898</u>
EXPENSES		
Salaries	178,442	165,511
Employee Benefits	3,401	12,056
Payroll Taxes	14,136	13,232
Office Expense and Postage	16,262	17,149
Telephone and Internet	5,643	4,698
Depreciation	2,859	2,648
Professional Fees	2,540	2,810
Conferences and Travel	2,858	3,168
Memberships	1,612	1,412
Tourism Development	8,875	10,102
Gift Shop	3,191	3,566
Insurance	3,153	3,103
Equipment Repairs	505	195
Cleaning and Restroom Supplies	1,258	608
Other Expenses	28,217	0
TOTAL EXPENSES	<u>272,952</u>	<u>240,258</u>
CHANGE IN NET ASSETS	-20,775	10,640
NET ASSETS, BEGINNING OF YEAR	<u>100,183</u>	<u>89,543</u>
NET ASSETS, END OF YEAR	<u>\$ 79,408</u>	<u>\$ 100,183</u>

See Notes to Financial Statements.

VISIT MADISON, INCORPORATED

CHAUTAUQUA EVENT

SCHEDULE II

Statement of Support, Revenue, and Expenses, and Changes in Net Assets
Modified Cash Basis

For the Years Ended December 31,

	2017	2016
REVENUE		
Sponsorship	\$ 19,000	\$ 17,850
Booth Rentals	72,720	52,901
Concessions	15,300	14,520
Merchandise Sales	11,704	826
Other Income	1,761	400
Interest Income	863	936
TOTAL SUPPORT AND REVENUE	<u>121,348</u>	<u>87,433</u>
EXPENSES		
Administration Fee/Coordinator	30,000	30,000
Advertising	19,809	20,816
T-shirts and Posters	2,309	2,274
Visitor and Exhibitor's Hospitality	4,640	4,244
Entertainment	9,650	7,851
Insurance	655	951
Jury and Judges	390	755
Office Expense	6,053	5,725
Telephone and Internet	1,148	1,097
Security	2,343	2,115
Show Expense	28,125	25,351
Membership and Dues	2,293	2,050
Professional Fees	440	440
Gifts and Grants	1,725	0
Travel and Conferences	3,808	846
Depreciation Expense	373	373
Other Expenses	4,790	2,509
TOTAL EXPENSES	<u>118,551</u>	<u>107,397</u>
CHANGE IN NET ASSETS	2,797	-19,964
NET ASSETS, BEGINNING OF YEAR	<u>78,175</u>	<u>98,139</u>
NET ASSETS, END OF YEAR	<u>\$ 80,972</u>	<u>\$ 78,175</u>

See Notes to Financial Statements.

VISIT MADISON, INCORPORATED

NIGHTS BEFORE CHRISTMAS

SCHEDULE III

Statement of Support, Revenue, and Expenses, and Changes in Net Assets
 Modified Cash Basis
 For the Years Ended December 31,

	2017	2016
REVENUE		
Ticket Sales	\$ 64,517	\$ 54,215
Other Income	0	1,450
Interest Income	5	5
	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	64,522	55,670
EXPENSES		
Site Expense	20,175	17,412
Administration Fee	17,275	13,605
Advertising	8,401	9,705
Printing Expense	3,522	3,522
Insurance	655	905
Office Expense	4,356	2,128
Professional Fees	440	440
Other Expense	319	289
Website Expense	0	38
	<hr/>	<hr/>
TOTAL EXPENSES	55,143	48,044
CHANGE IN NET ASSETS	9,379	7,626
NET ASSETS, BEGINNING OF YEAR	<hr/> 43,732	<hr/> 36,106
NET ASSETS, END OF YEAR	\$ <u>53,111</u>	\$ <u>43,732</u>

See Notes to Financial Statements.

VISIT MADISON, INCORPORATED

RIBBERFEST EVENT

SCHEDULE IV

Statement of Support, Revenue, and Expenses, and Changes in Net Assets
Modified Cash Basis

For the Years Ended December 31,

	2017	2016
REVENUE		
Admission	\$ 162,084	\$ 136,300
Food Tickets	142,564	141,079
Sponsorships	57,475	52,356
Entry Fees	17,830	16,955
Corporate Tents	12,959	11,499
Other Income	30,665	31,171
Interest Income	2,007	1,950
TOTAL SUPPORT AND REVENUE	<u>425,584</u>	<u>391,310</u>
EXPENSES		
Administration Fee	10,000	10,000
Coordinator	26,000	26,000
Advertising	24,832	25,371
Food and Beer Vendors	114,728	122,775
Event Expense	89,292	89,745
Awards and Sanction Fees	16,575	21,427
Entertainment	90,250	92,980
Office Expense	831	2,604
Tent Rentals	13,044	10,695
Pigmania Parade	59	22
Souvenirs	7,411	7,371
Insurance	4,967	6,094
Professional Fees	440	440
Scholarships Awarded	1,500	2,500
Dues and Subscriptions	1,522	137
5K Race Expense	1,701	2,459
Depreciation Expense	1,368	1,368
TOTAL EXPENSES	<u>404,520</u>	<u>421,988</u>
CHANGE IN NET ASSETS	21,064	-30,678
NET ASSETS, BEGINNING OF YEAR	<u>321,646</u>	<u>352,324</u>
NET ASSETS, END OF YEAR	<u>\$ 342,710</u>	<u>\$ 321,646</u>

See Notes to Financial Statements.

VISIT MADISON, INCORPORATED

RIVER ROOTS FOLK FESTIVAL

SCHEDULE V

Statement of Support, Revenue, and Expenses, and Changes in Net Assets

Modified Cash Basis

For the Years Ended December 31,

	2017	2016
REVENUE		
Admissions	\$ 50,617	\$ 48,334
Food Sales	25,151	28,688
Sponsorships	51,450	75,000
VIP Tents	0	1,256
Food Vendor Fees	4,675	5,050
Other Income	9,582	12,190
	<u>141,475</u>	<u>170,518</u>
TOTAL SUPPORT AND REVENUE	141,475	170,518
EXPENSES		
Coordinator	10,000	11,500
Bands	64,200	58,000
Advertisement	11,068	26,052
Food and Beer Vendors	11,635	14,220
Event Expense	38,778	44,567
Souvenirs	4,485	3,793
Office Expense	1,094	135
Insurance	2,297	2,493
Professional Fees	440	440
Other Expenses	7,135	5,760
	<u>151,132</u>	<u>166,960</u>
TOTAL EXPENSES	151,132	166,960
CHANGE IN NET ASSETS	-9,657	3,558
NET ASSETS, BEGINNING OF YEAR	<u>11,869</u>	<u>8,311</u>
NET ASSETS, END OF YEAR	\$ <u><u>2,212</u></u>	\$ <u><u>11,869</u></u>

See Notes to Financial Statements.

SCOTT AND CALLICOTTE, LLC

■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Certified Public Accountants

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and Indiana Certified Public Accountants Society*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Visit Madison, Incorporated
Madison, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Visit Madison, Incorporated (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of December 31, 2017 and 2016, and the related statement of support, revenue, and expenses, and change in net assets-modified cash basis for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Visit Madison, Incorporated's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Visit Madison, Incorporated's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Visit Madison, Incorporated's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott and Callicott, LLC
Scott and Callicott, LLC
Madison, Indiana

August 16, 2019