



STATE OF INDIANA
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December 30, 2019

Board of Directors
Putnam County Convention & Visitor Bureau, Inc.
12 West Washington St.
Greencastle, IN 46135

We have reviewed the audit report of Putnam County Convention & Visitor Bureau, Inc. which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of Putnam County Convention & Visitor 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, Blue & Co., 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

FINANCIAL STATEMENTS

(MODIFIED CASH BASIS)

DECEMBER 31, 2018

CPAs / ADVISORS



PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Putnam County Convention & Visitor Bureau, Inc.
Greencastle, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements – modified cash basis of Putnam County Convention & Visitor Bureau, Inc. (the "Organization") which comprise the statement of financial position – modified cash basis as of December 31, 2018, and the related statements of activities – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year 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. Management is also responsible for the design, implementation, and maintenance of internal controls 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 the Organization as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statement of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Blue & Co., LLC

Seymour, Indiana

December 13, 2019

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

STATEMENT OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2018

ASSETS

Cash	\$ 554,115
Property and equipment, net	<u>85,283</u>
	<u>\$ 639,398</u>

NET ASSETS

Net assets without donor restrictions	<u>\$ 639,398</u>
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See accompanying notes to financial statements.

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2018

Revenues and support

Innkeepers tax revenue	\$ 301,530
Interest income	1,077
Other	<u>85</u>
Total revenues and support	302,692

Expenses

Programs	213,345
Management and general	<u>72,530</u>
Total expenses	<u>285,875</u>

Change in net assets without donor restrictions 16,817

Net assets without donor restrictions, beginning of year 622,581

Net assets without donor restrictions, end of year \$ 639,398

See accompanying notes to financial statements.

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Programs</u>	<u>Management and General</u>	<u>Total</u>
Contract wages	\$ 71,825	\$ 12,675	\$ 84,500
Personnel costs	8,800	2,200	11,000
Marketing and promotions	86,804	-0-	86,804
Grants	22,942	1,208	24,150
Insurance	2,788	4,182	6,970
Hospitality	2,257	-0-	2,257
Dues and subscriptions	1,403	468	1,871
Licenses and permits	261	261	522
Postage and delivery	1,667	417	2,084
Professional development	4,207	2,265	6,472
Professional fees	-0-	35,951	35,951
Repairs and maintenance	297	445	742
Program expense	3,585	-0-	3,585
Office supplies	3,433	3,434	6,867
Utilities	826	3,302	4,128
Travel and entertainment	997	-0-	997
Depreciation	-0-	4,468	4,468
Miscellaneous	<u>1,253</u>	<u>1,254</u>	<u>2,507</u>
Total expenses	<u>\$ 213,345</u>	<u>\$ 72,530</u>	<u>\$ 285,875</u>

See accompanying notes to financial statements.

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2018

Operating activities

Change in net assets	\$ 16,817
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	<u>4,468</u>
Net cash flows from operating activities	21,285

Investing activities

Purchases of property and equipment	<u>(35,201)</u>
Net change in cash	(13,916)

Cash, beginning of year 568,031

Cash, end of year \$ 554,115

See accompanying notes to financial statements.

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Putnam County Convention & Visitor Bureau, Inc. (the "Organization") is a not-for-profit organization whose mission and principal activities are to increase visitor spending in Putnam County through the use of marketing and promotion, thereby creating jobs and increased economic well being for the citizens of Putnam County. The Organization's revenues and other support are derived principally from a contract with the Putnam County Tourism Commission (the "Commission"), under which the Commission transfers funds collected from the Putnam County Innkeeper's tax to the Organization.

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 and expenses are recognized when cash is disbursed rather than when the obligation is incurred. However, acquisitions of assets having an estimated useful life beyond one year are capitalized and depreciated over the estimated useful life of the asset.

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.

Property and Equipment

Property and equipment are recorded at cost and include expenditures that substantially increase the useful life of existing facilities. Maintenance, repairs, and minor improvements are expensed when incurred. Property and equipment of the Organization are being depreciated over estimated useful lives ranging from three to thirty-nine years using the straight-line method.

Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Net assets that are currently available for operating purposes under the direction of the board are classified and reported as net assets without donor restrictions. Currently, the Organization does not have any net assets subject to donor stipulations for specific purposes or time restrictions.

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Advertising Costs

Advertising costs are charged to operations when the cash is disbursed and totaled \$86,804 for the year ended December 31, 2018.

Expense Allocation

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time, effort, and usage. 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. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. 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 has filed its federal and state income tax returns for periods through December 31, 2018. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

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.

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 December 13, 2019.

2. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as information it presents in the financial statements and notes about its liquidity, financial performance and cash flows. The Organization has adjusted the presentation of its 2018 financial statements herein. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 5), and disclosures related to the functional allocation of expenses were expanded (Note 1).

3. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2018 is as follows:

Land	\$	15,000
Building		65,000
Furniture and equipment		26,527
Construction in process		<u>25,900</u>
		132,427
Less accumulated depreciation		<u>47,144</u>
	\$	<u>85,283</u>

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

4. STATE, COUNTY AND LOCAL FUNDING

In compliance with the Indiana State Board of Account’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 2018, the Organization received the following:

<u>Grantor</u>	
County	
Innkeepers Tax	<u>\$ 301,530</u>

5. LIQUIDITY AND AVAILABILITY

The Organization has \$554,115 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of cash that is not subject to donor or other contractual restrictions. The Organization also has a three-year contractual agreement with the Commission to receive Innkeepers tax revenue each year through 2021.

6. CONCENTRATIONS

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management does not believe a significant credit risk on cash exists.

During 2018, the Organization received substantially all of its revenues from the Indiana Uniform County Innkeeper Tax.

7. RECENTLY ISSUED ACCOUNTING STANDARDS

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. Finally, ASU 2018-08 amends the “simultaneous release accounting

PUTNAM COUNTY CONVENTION & VISITOR BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

policy" to allow a not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The Organization will be required to adopt this new standard in the year ending December 31, 2019.

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