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July 17, 2020

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

We have reviewed the audit report of The Convention and Visitors Bureau of Monroe County, 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 The Convention and Visitors Bureau of Monroe County, 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 the guidelines established by the State Board of Accounts.

The audit 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

(MODIFIED CASH BASIS)

DECEMBER 31, 2018 AND 2017

CPAs / ADVISORS



THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

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DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, and the related statements of activities – 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 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, 2018 and 2017, 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.

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

March 27, 2019

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017 As Restated
Cash	\$ 357,353	\$ 390,364
Inventory	3,343	6,579
Restricted cash	-0-	2,122
	<u>\$ 360,696</u>	<u>\$ 399,065</u>

LIABILITIES AND NET ASSETS

Liabilities

Withheld sales and payroll taxes	\$ 2,065	\$ 1,419
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Net assets

Without donor restrictions	358,631	395,524
With donor restrictions	-0-	2,122
Total net assets	<u>358,631</u>	<u>397,646</u>
	<u>\$ 360,696</u>	<u>\$ 399,065</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, 2018 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support				
Commission	\$ 1,644,086	\$ -0-	\$ 1,644,086	\$ 1,596,200
Contributions	16,500	-0-	16,500	14,000
Retail sales	16,102	-0-	16,102	12,874
Visitors guide ad sales	104,844	-0-	104,844	109,654
Hotel rebate income	2,880	-0-	2,880	-0-
Sporting event fees	11,377	-0-	11,377	4,541
Interest income	-0-	-0-	-0-	2
Miscellaneous	14	-0-	14	31,919
Net assets released from restrictions	<u>2,122</u>	<u>(2,122)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and support	1,797,925	(2,122)	1,795,803	1,769,190
Expenses				
Convention and promotion	578,930	-0-	578,930	515,427
Tourism development	864,067	-0-	864,067	799,187
Management and general	<u>391,821</u>	<u>-0-</u>	<u>391,821</u>	<u>367,141</u>
Total expenses	<u>1,834,818</u>	<u>-0-</u>	<u>1,834,818</u>	<u>1,681,755</u>
Change in net assets	(36,893)	(2,122)	(39,015)	87,435
Net assets, beginning of year	<u>395,524</u>	<u>2,122</u>	<u>397,646</u>	<u>310,211</u>
Net assets, end of year	<u>\$ 358,631</u>	<u>\$ -0-</u>	<u>\$ 358,631</u>	<u>\$ 397,646</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 (AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Commission	\$ 1,596,200	\$ -0-	\$ 1,596,200
Contributions	14,000	-0-	14,000
Retail sales	12,874	-0-	12,874
Visitors guide ad sales	109,654	-0-	109,654
Sporting event fees	4,541	-0-	4,541
Interest income	2	-0-	2
Miscellaneous	31,919	-0-	31,919
Net assets released from restrictions	<u>24,195</u>	<u>(24,195)</u>	<u>-0-</u>
Total revenues and support	1,793,385	(24,195)	1,769,190
Expenses			
Convention and promotion	515,427	-0-	515,427
Tourism development	799,187	-0-	799,187
Management and general	<u>367,141</u>	<u>-0-</u>	<u>367,141</u>
Total expenses	<u>1,681,755</u>	<u>-0-</u>	<u>1,681,755</u>
Change in net assets	111,630	(24,195)	87,435
Net assets, beginning of year	<u>283,894</u>	<u>26,317</u>	<u>310,211</u>
Net assets, end of year	<u><u>\$ 395,524</u></u>	<u><u>\$ 2,122</u></u>	<u><u>\$ 397,646</u></u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Convention and Promotion	Tourism Development	Management and General	Total	Convention and Promotion	Tourism Development	Management and General	Total
Salaries, wages, and payroll taxes	\$ 205,348	\$ 108,378	\$ 256,685	\$ 570,411	\$ 196,809	\$ 103,871	\$ 246,011	\$ 546,691
Employee benefits	44,084	23,267	55,105	122,456	37,084	19,572	46,355	103,011
Programs and activities	117,933	117,934	-0-	235,867	80,966	80,967	-0-	161,933
Supplies	3,676	3,676	7,353	14,705	4,037	4,038	8,076	16,151
Travel and training	26,709	9,023	361	36,093	22,337	7,547	302	30,186
Maintenance	-0-	-0-	17,473	17,473	-0-	-0-	17,506	17,506
Utilities	-0-	-0-	8,758	8,758	-0-	-0-	8,851	8,851
Advertising	112,626	337,880	-0-	450,506	104,738	314,213	-0-	418,951
Insurance	5,224	5,224	5,383	15,831	5,021	5,020	5,172	15,213
Professional services	-0-	-0-	22,405	22,405	-0-	-0-	18,678	18,678
Printing and publications	6,502	19,507	-0-	26,009	8,054	24,161	-0-	32,215
Postage	-0-	3,825	1,640	5,465	-0-	167	72	239
Public relations	18,279	54,839	-0-	73,118	21,259	63,778	-0-	85,037
Office equipment	439	439	220	1,098	-0-	-0-	-0-	-0-
Telephone	1,213	3,639	1,213	6,065	1,099	3,299	1,100	5,498
Retail store cost of sales	-0-	8,900	-0-	8,900	-0-	10,814	-0-	10,814
Visitors guide ad cost of sales	-0-	65,595	-0-	65,595	-0-	65,985	-0-	65,985
Web development	14,290	57,160	-0-	71,450	13,109	52,437	-0-	65,546
Marketing research	5,435	21,740	-0-	27,175	4,152	16,610	-0-	20,762
Technology supplies and services	8,537	8,538	7,318	24,393	10,457	10,457	8,963	29,877
Professional development	8,193	8,193	7,023	23,409	5,737	5,737	4,917	16,391
Miscellaneous	442	442	884	1,768	568	569	1,138	2,275
Community Wayfinder program	-0-	5,868	-0-	5,868	-0-	9,945	-0-	9,945
	<u>\$ 578,930</u>	<u>\$ 864,067</u>	<u>\$ 391,821</u>	<u>\$ 1,834,818</u>	<u>\$ 515,427</u>	<u>\$ 799,187</u>	<u>\$ 367,141</u>	<u>\$ 1,681,755</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating activities		
Change in net assets	\$ (39,015)	\$ 87,435
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Inventory	3,236	(3,351)
Withheld sales and payroll taxes	<u>646</u>	<u>309</u>
Net cash flows from operating activities	(35,133)	84,393
Investing activities		
Change in restricted cash	<u>2,122</u>	<u>9,945</u>
Net change in cash	(33,011)	94,338
Cash, beginning of year	<u>390,364</u>	<u>296,026</u>
Cash, end of year	<u><u>\$ 357,353</u></u>	<u><u>\$ 390,364</u></u>

See accompanying notes to financial statements.

The Convention and Visitors Bureau of Monroe County, Inc.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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.

Restricted Cash

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

The Convention and Visitors Bureau of Monroe County, Inc.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis, 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. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board.

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

Advertising Costs

Advertising costs are charged to operations when the cash is disbursed and totaled \$450,506 and \$418,951 for the years ended December 31, 2018 and 2017, respectively.

Functional Allocation of Expenses

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

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort. While the methods of allocation are considered appropriate, other methods could produce different results.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current method of presentation.

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 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, 2018 AND 2017

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 27, 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 and retrospectively restated the prior year financial statements. 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 7), and disclosures related to the functional allocation of expenses were expanded (Note 1). "

The impact of the adoption of ASU No. 2016-14 on the Organization's net assets are as follows:

Statement of Financial Position

	As previously stated December 31, 2017	Adjustment	As restated December 31, 2017
Unrestricted net assets	\$ 395,524	\$ (395,524)	\$ -0-
Temporarily restricted net assets	2,122	(2,122)	-0-
Without donor restrictions	-0-	395,524	395,524
With donor restrictions	-0-	2,122	2,122
Total net assets	<u>\$ 397,646</u>	<u>\$ -0-</u>	<u>\$ 397,646</u>

The Convention and Visitors Bureau of Monroe County, Inc.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Statement of Activities

	As previously stated December 31, 2017	Adjustment	As restated December 31, 2017
Changes in unrestricted net assets	\$ 111,630	\$ (111,630)	\$ -0-
Changes in temporarily restricted net assets	(24,195)	24,195	-0-
Changes in net assets without donor restrictions	-0-	111,630	111,630
Changes in net assets with donor restrictions	-0-	(24,195)	(24,195)
Total changes in net assets	\$ 87,435	\$ -0-	\$ 87,435

There was no significant impact to the Statement of Cash Flows as a result of adopting this ASU.

3. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions was \$0 and \$2,122 at December 31, 2018 and 2017, respectively and were available for the Community Wayfinder Program.

Net assets were released from donor restrictions for the years ended December 31, 2018 and 2017 by satisfying the following purposes:

	2018	2017
Community Wayfinder Program	\$ 2,122	\$ 9,945
Future Sporting Events	-0-	14,250
	\$ 2,122	\$ 24,195

The Convention and Visitors Bureau of Monroe County, Inc.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

4. OPERATING LEASES

Noncancellable operating leases for various items of equipment expire in various years through April 2023. Rental expense for all operating leases for the years ended December 31, 2018 and 2017 was \$11,745 and \$10,670, respectively.

Future minimum lease payments subsequent to December 31, 2018 are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 11,330
2020	6,144
2021	3,373
2023	951
2023	<u>238</u>
	<u>\$ 22,036</u>

The building is leased from the Commission for \$1, however, no in-kind contribution or expense is recognized for the below market rate due to the modified cash basis of accounting being used. The lease requires the Organization to pay generally all executory costs (property taxes, maintenance, and insurance).

5. 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 \$25,028 and \$24,901 for the years ended December 31, 2018 and 2017, respectively.

The Convention and Visitors Bureau of Monroe County, Inc.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

6. 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 2018, the Organization received the following:

<u>Grantor</u>	
County	
Innskeeper Tax	<u>\$ 1,644,086</u>
Total county awards	<u><u>\$ 1,644,086</u></u>

7. LIQUIDITY AND AVAILABILITY

The Organization has \$357,353 of financial assets available to meet cash needs for general expenditures within one year of the Statement of Financial Position date consisting of cash that is not subject to donor or other contractual restrictions. The Organization has a goal to maintain cash on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$459,000. The Organization also maintains a contract with the Convention and Visitors Commission of Monroe County which provides the Organization an allocation of funds from the Monroe County Innskeeper's Tax to Indiana not-for-profit corporations for the purpose of promotion and encouragement in Monroe County of conventions, trade shows, visitors and special events. In 2019, this agreed upon allocation is in the amount of \$1,693,409 which was contracted prior to December 31, 2018.

8. COMMITMENT

The Organization has entered into multiple agreements with a company for the hosting of its website and strategic development of its online marketing campaign. The agreements expire in various years through March 2021. Future payments per the agreements total \$111,575 in 2019 and \$15,000 in 2020.

9. 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 2018 and 2017, the Organization received 92 percent and 90 percent, respectively of its revenues and support from the Indiana Uniform County Innskeeper Tax.

The Convention and Visitors Bureau of Monroe County, Inc.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

10. 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 November 17, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-18 *Statement of Cash (Topic 230) – Restricted Cash*. This new standard intends to eliminate diversity in practice by requiring the statement of cash flows to present the change in the total cash and cash equivalents, which will include restricted cash and cash equivalents. 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 these ASUs will have on its future financial statements, including related disclosures.