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February 11, 2021

Board of Directors  
Visit Indy, Inc.  
200 S. Capitol Ave., Suite 300  
Indianapolis, IN 46225

We have reviewed the audit report of Visit Indy, Inc., which was opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, for the period January 1, 2019 to December 31, 2019. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Visit Indy, Inc., as of December 31, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Greenwalt CPAs, Inc. 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

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VISIT INDY, INC. AND SUBSIDIARY  
(TOURISM TOMORROW, INC.  
D/B/A TOURISM TOMORROW INDY)  
CONSOLIDATING FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
DECEMBER 31, 2019 AND 2018

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Greenwalt CPAs, Inc.  
5342 W. Vermont Street  
Indianapolis, IN 46224  
[www.greenwaltcpas.com](http://www.greenwaltcpas.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Visit Indy, Inc. and Subsidiary:

We have audited the accompanying consolidating financial statements of Visit Indy, Inc. and Subsidiary, Tourism Tomorrow, Inc. d/b/a Tourism Tomorrow Indy, (collectively, the Organization), which comprise the consolidating statements of financial position as of December 31, 2019, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

### **Management's Responsibility for the Consolidating Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidating 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 the consolidating 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 consolidating financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources* established by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Organization's 2018 consolidating financial statements, and we expressed an unmodified audit opinion on those audited consolidating financial statements in our report dated April 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

## Change in Accounting Principle

As described in Note 14 to the consolidating financial statements, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), as of and for the year ended December 31, 2019. Certain changes in how the Organization should recognize revenue were identified as a part of this process. As a result, the Organization has restated the 2018 financial statements to adopt the ASU. Our opinion is not modified with respect to this matter.

*Greenwald CPAs, Inc.*

April 15, 2020

**VISIT INDY, INC. AND SUBSIDIARY**  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019  
WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2018

<b>ASSETS</b>	<b>Visit Indy</b>	<b>Tourism Tomorrow Indy</b>	<b>Eliminations</b>	<b>Consolidated Totals</b>	
				<b>2019</b>	<b>RESTATED 2018</b>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 3,458,679	\$ 1,129,752	\$ -	\$ 4,588,431	\$ 4,034,506
Accounts receivable:					
Partnership dues	11,090	-	-	11,090	13,942
Intercompany, net	43,960	-	(43,960)	-	-
Convention and event, less allowance for doubtful accounts of \$1,100 for 2019 and 2018	473,938	-	-	473,938	327,565
Other, less total allowance for doubtful accounts of \$3,000 for 2019 and 2018	43,671	140,349	-	184,020	135,463
Grants receivable	151,004	-	-	151,004	75,000
Prepayments and other	163,493	760	-	164,253	117,080
<i>Total current assets</i>	<u>4,345,835</u>	<u>1,270,861</u>	<u>(43,960)</u>	<u>5,572,736</u>	<u>4,703,556</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	650,640	-	-	650,640	920,863
<b>INVESTMENTS</b>	<u>7,579,460</u>	<u>-</u>	<u>-</u>	<u>7,579,460</u>	<u>6,395,154</u>
<i>Total assets</i>	<u>\$ 12,575,935</u>	<u>\$ 1,270,861</u>	<u>\$ (43,960)</u>	<u>\$ 13,802,836</u>	<u>\$ 12,019,573</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable:					
Trade	\$ 693,557	\$ 62,293	\$ -	\$ 755,850	\$ 935,860
Related parties	87,969	1,497	-	89,466	104,526
Intercompany, net	-	43,960	(43,960)	-	-
Other accruals	2,262,979	20,232	-	2,283,211	2,198,622
Deferred revenue:					
Partnership dues	175,724	-	-	175,724	183,179
Other	6,500	70,589	-	77,089	115,003
Funds held on behalf of others	-	280,830	-	280,830	68,210
<i>Total current liabilities</i>	<u>3,226,729</u>	<u>479,401</u>	<u>(43,960)</u>	<u>3,662,170</u>	<u>3,605,400</u>
<b>COMMITMENTS (NOTES 11 AND 12)</b>					
<b>NET ASSETS</b>					
Without donor restrictions	9,349,206	691,460	-	10,040,666	8,414,173
With donor restriction	-	100,000	-	100,000	-
<i>Total net assets</i>	<u>9,349,206</u>	<u>791,460</u>	<u>-</u>	<u>10,140,666</u>	<u>8,414,173</u>
<i>Total liabilities and net assets</i>	<u>\$ 12,575,935</u>	<u>\$ 1,270,861</u>	<u>\$ (43,960)</u>	<u>\$ 13,802,836</u>	<u>\$ 12,019,573</u>

**VISIT INDY, INC. AND SUBSIDIARY**

CONSOLIDATING STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Visit Indy		Tourism Tomorrow Indy			Consolidated Totals	
	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	2019	RESTATED 2018
<b>REVENUE</b>							
Promotional service fees	\$ 13,058,088	\$ -	\$ -	\$ -	\$ -	\$ 13,058,088	\$ 12,677,755
Marketing campaign	185,000	-	-	-	-	185,000	454,676
Partnership dues	799,230	-	-	-	-	799,230	796,121
Subscription and advertising	113,003	-	-	-	-	113,003	127,328
Housing delegate	487,443	-	-	-	-	487,443	437,316
Convention and event	130,464	-	-	-	-	130,464	814,947
Programs	102,963	-	-	-	-	102,963	113,460
State research	-	86,730	-	86,730	-	86,730	117,977
Sponsorships and other grants	110,500	175,514	-	175,514	-	286,014	268,748
Special programs	-	-	100,000	100,000	-	100,000	25,000
Intercompany grants	-	235,000	-	235,000	(235,000)	-	-
Investment income, net	1,118,840	67	-	67	-	1,118,907	(348,719)
Other	163,950	32,325	-	32,325	-	196,275	344,215
Contributed goods and facilities	899,717	585	-	585	-	900,302	1,268,862
<i>Total revenue</i>	<u>17,169,198</u>	<u>530,221</u>	<u>100,000</u>	<u>630,221</u>	<u>(235,000)</u>	<u>17,564,419</u>	<u>17,097,686</u>
<b>EXPENSES</b>							
Convention sales	6,128,514	-	-	-	-	6,128,514	7,020,034
Tourism development	105,686	-	-	-	-	105,686	99,827
Convention services	1,640,051	-	-	-	-	1,640,051	1,631,879
Partnership development	708,324	-	-	-	-	708,324	856,026
Administration	1,952,932	-	-	-	(235,000)	1,717,932	1,699,213
Housing	532,426	-	-	-	-	532,426	559,746
Marketing and communications	4,332,198	-	-	-	-	4,332,198	4,236,798
Destination development	-	503,116	-	503,116	-	503,116	519,712
Music Crossroads	-	169,679	-	169,679	-	169,679	480,829
<i>Total expenses</i>	<u>15,400,131</u>	<u>672,795</u>	<u>-</u>	<u>672,795</u>	<u>(235,000)</u>	<u>15,837,926</u>	<u>17,104,064</u>
<b>CHANGE IN NET ASSETS</b>	1,769,067	(142,574)	100,000	(42,574)	-	1,726,493	(6,378)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>7,580,139</u>	<u>834,034</u>	<u>-</u>	<u>834,034</u>	<u>-</u>	<u>8,414,173</u>	<u>8,420,551</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 9,349,206</u>	<u>\$ 691,460</u>	<u>\$ 100,000</u>	<u>\$ 791,460</u>	<u>\$ -</u>	<u>\$ 10,140,666</u>	<u>\$ 8,414,173</u>

See notes to consolidating financial statements.

**VISIT INDY, INC. AND SUBSIDIARY**

CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Visit Indy							Tourism Tomorrow Indy				Consolidated Totals		
	Convention Sales	Tourism Development	Convention Services	Partnership Development	Administration	Housing	Marketing & Communications	Total	Destination Development	Music Crossroads	Total	Eliminations	2019	RESTATED 2018
<b>DIRECT PROMOTIONAL EXPENSES</b>														
Advertising production	\$ 119,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,890	\$ 298,052	\$ -	\$ -	\$ -	\$ -	\$ 298,052	\$ 258,025
Market research	205,821	-	-	3,950	17,931	-	111,393	339,095	109,440	-	109,440	-	448,535	538,475
Advertising placement	-	-	-	-	-	-	1,424,402	1,424,402	-	-	-	-	1,424,402	1,415,306
Collateral and promotional materials	909	-	108,692	310	-	-	314,973	424,884	18,000	-	18,000	-	442,884	392,095
Marketing contracts	150,000	-	98,708	-	-	-	20,000	268,708	-	-	-	-	268,708	259,150
Sales trips and bid presentations	128,582	-	-	-	-	-	-	128,582	-	6,434	6,434	-	135,016	128,918
Client development	468,522	-	46,976	237,222	-	-	140,691	893,411	-	2,826	2,826	-	896,237	1,318,745
Site visits	154,765	-	48,473	-	-	-	39,651	242,889	-	-	-	-	242,889	312,259
Trade shows	335,722	5,996	50,412	-	-	-	244	392,374	-	-	-	-	392,374	386,656
Convention and event requirements	503,910	-	-	-	-	191,163	-	695,073	-	-	-	-	695,073	1,465,938
Special programs	-	-	-	-	-	-	-	-	74,662	-	74,662	-	74,662	136,506
<i>Total direct promotional expenses</i>	<u>2,067,393</u>	<u>5,996</u>	<u>353,261</u>	<u>241,482</u>	<u>17,931</u>	<u>191,163</u>	<u>2,230,244</u>	<u>5,107,470</u>	<u>202,102</u>	<u>9,260</u>	<u>211,362</u>	<u>-</u>	<u>5,318,832</u>	<u>6,612,073</u>
<b>PERSONNEL EXPENSES</b>														
Salaries and incentives	2,650,287	30,587	773,449	325,804	765,501	176,497	1,366,065	6,088,190	227,086	28,434	255,520	-	6,343,710	6,261,554
Part-time wages	-	-	28,451	-	-	-	9,988	38,439	12,318	-	12,318	-	50,757	57,485
Payroll taxes	170,754	1,297	47,010	23,802	45,711	11,003	81,097	380,674	13,785	193	13,978	-	394,652	401,802
Placement fees	8,219	-	938	-	1,038	-	-	10,195	-	-	-	-	10,195	-
Employee group insurance	376,628	3,612	153,069	20,355	118,283	75,799	246,759	994,505	15,010	1,259	16,269	-	1,010,774	910,429
Retirement plan contributions	247,423	4,848	78,605	5,715	77,370	17,758	145,425	577,144	23,076	2,397	25,473	-	602,617	550,213
<i>Total personnel expenses</i>	<u>3,453,311</u>	<u>40,344</u>	<u>1,081,522</u>	<u>375,676</u>	<u>1,007,903</u>	<u>281,057</u>	<u>1,849,334</u>	<u>8,089,147</u>	<u>291,275</u>	<u>32,283</u>	<u>323,558</u>	<u>-</u>	<u>8,412,705</u>	<u>8,181,483</u>
<b>OFFICE EXPENSES</b>														
Telephone	40,446	4,097	14,172	6,294	12,470	4,156	17,328	98,963	-	-	-	-	98,963	97,888
Postage	11,728	1,188	4,109	1,825	3,616	1,205	5,024	28,695	-	-	-	-	28,695	25,974
Office supplies	26,155	2,649	9,164	4,070	8,064	2,888	11,206	63,996	-	-	-	-	63,996	60,720
Repairs and maintenance	2,694	273	944	419	831	277	1,154	6,592	-	-	-	-	6,592	5,092
Office and equipment rent	40,856	4,139	14,315	6,358	12,595	4,199	17,504	99,966	-	100,216	100,216	-	200,182	386,160
Insurance - office coverage	19,168	1,942	6,716	2,983	5,908	1,970	8,212	46,899	-	4,449	4,449	-	51,348	61,613
<i>Total office expenses</i>	<u>141,047</u>	<u>14,288</u>	<u>49,420</u>	<u>21,949</u>	<u>43,484</u>	<u>14,495</u>	<u>60,428</u>	<u>345,111</u>	<u>-</u>	<u>104,665</u>	<u>104,665</u>	<u>-</u>	<u>449,776</u>	<u>637,447</u>
<b>OTHER EXPENSES</b>														
Professional fees	78,119	7,913	27,371	12,156	24,084	8,028	33,468	191,139	6,398	-	6,398	-	197,537	247,889
Civic involvement	30,088	3,048	10,542	4,682	9,276	3,092	12,891	73,619	-	1,726	1,726	-	75,345	71,316
Mileage	25,448	2,578	8,916	3,960	7,846	2,615	10,903	62,266	2,520	349	2,869	-	65,135	64,079
Membership dues and subscriptions	29,883	3,027	10,470	4,650	9,214	3,071	12,803	73,118	577	2,808	3,385	-	76,503	65,422
Human resource development	71,537	5,022	17,370	7,715	15,283	5,095	21,240	143,262	-	-	-	-	143,262	167,178
Depreciation and amortization	197,584	20,015	69,229	30,747	60,913	20,305	84,651	483,444	-	18,003	18,003	-	501,447	492,114
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	556
Miscellaneous	34,104	3,455	11,950	5,307	12,348	3,505	16,236	86,905	244	-	244	-	87,149	71,557
Noncash rent and parking	-	-	-	-	509,650	-	-	509,650	-	585	585	-	510,235	492,950
Intercompany grants	-	-	-	-	235,000	-	-	235,000	-	-	-	(235,000)	-	-
<i>Total other expenses</i>	<u>466,763</u>	<u>45,058</u>	<u>155,848</u>	<u>69,217</u>	<u>883,614</u>	<u>45,711</u>	<u>192,192</u>	<u>1,858,403</u>	<u>9,739</u>	<u>23,471</u>	<u>33,210</u>	<u>(235,000)</u>	<u>1,656,613</u>	<u>1,673,061</u>
<i>Total expenses</i>	<u>\$ 6,128,514</u>	<u>\$ 105,686</u>	<u>\$ 1,640,051</u>	<u>\$ 708,324</u>	<u>\$ 1,952,932</u>	<u>\$ 532,426</u>	<u>\$ 4,332,198</u>	<u>\$ 15,400,131</u>	<u>\$ 503,116</u>	<u>\$ 169,679</u>	<u>\$ 672,795</u>	<u>\$ (235,000)</u>	<u>\$ 15,837,926</u>	<u>\$ 17,104,064</u>

See notes to consolidating financial statements.

**INCREASE IN CASH AND CASH EQUIVALENTS**

	Visit Indy	Tourism Tomorrow Indy	Eliminations	Consolidated Totals	
				2019	RESTATED 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from organizations and others	\$ 14,663,813	\$ 820,730	\$ (235,000)	\$ 15,249,543	\$ 15,754,291
Cash paid to suppliers and employees	(14,044,908)	(785,362)	235,000	(14,595,270)	(14,897,072)
Investment income received	141,566	67	-	141,633	192,320
Other income received	163,950	32,325	-	196,275	344,215
Interest paid	-	-	-	-	(556)
<i>Net cash and cash equivalents provided by operating activities</i>	<u>924,421</u>	<u>67,760</u>	<u>-</u>	<u>992,181</u>	<u>1,393,198</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of property and equipment	(231,224)	-	-	(231,224)	(351,484)
Purchases of investments	(1,771,004)	-	-	(1,771,004)	(1,169,645)
Proceeds from investments	<u>1,563,972</u>	<u>-</u>	<u>-</u>	<u>1,563,972</u>	<u>671,166</u>
<i>Net cash and cash equivalents used in investing activities</i>	<u>(438,256)</u>	<u>-</u>	<u>-</u>	<u>(438,256)</u>	<u>(849,963)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Payments on capital lease arrangement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,305)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>486,165</u>	<u>67,760</u>	<u>-</u>	<u>553,925</u>	<u>517,930</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,972,514</u>	<u>1,061,992</u>	<u>-</u>	<u>4,034,506</u>	<u>3,516,576</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 3,458,679</u>	<u>\$ 1,129,752</u>	<u>\$ -</u>	<u>\$ 4,588,431</u>	<u>\$ 4,034,506</u>

**VISIT INDY, INC. AND SUBSIDIARY**

CONSOLIDATING STATEMENTS OF CASH FLOWS, CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

Page 2 of 2

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES**

		Tourism Tomorrow Indy		Consolidated Totals	
	<u>Visit Indy</u>	<u>Indy</u>	<u>Eliminations</u>	<u>2019</u>	<u>RESTATED 2018</u>
<b>CHANGE IN NET ASSETS</b>	\$ 1,769,067	\$ (42,574)	\$ -	\$ 1,726,493	\$ (6,378)
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES</b>					
Depreciation and amortization	483,444	18,003	-	501,447	492,114
Unrealized (gain) loss on investments	(730,527)	-	-	(730,527)	596,738
Realized gain on investments	(246,747)	-	-	(246,747)	(55,699)
<i>(Increase) decrease in operating assets:</i>					
Accounts receivable:					
Partnership dues	2,852	-	-	2,852	22,106
Intercompany, net	(43,960)	46,332	(2,372)	-	-
Convention and event, net	(146,373)	-	-	(146,373)	589,625
Other, net	(30,005)	(18,552)	-	(48,557)	(15,261)
Grants receivable	(76,004)	-	-	(76,004)	-
Prepayments and other	(51,702)	4,529	-	(47,173)	62,971
<i>Increase (decrease) in operating liabilities:</i>					
Accounts payable:					
Trade	(9,740)	(170,270)	-	(180,010)	342,596
Related parties	(10,985)	(4,075)	-	(15,060)	(20,008)
Intercompany, net	(46,332)	43,960	2,372	-	-
Other accruals	89,888	(5,299)	-	84,589	41,458
Deferred revenue:					
Partnership dues	(7,455)	-	-	(7,455)	(331,956)
Other	(21,000)	(16,914)	-	(37,914)	(393,318)
Funds held on behalf of others	-	212,620	-	212,620	68,210
<i>Total adjustments</i>	<u>(844,646)</u>	<u>110,334</u>	<u>-</u>	<u>(734,312)</u>	<u>1,399,576</u>
<b>NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 924,421</u>	<u>\$ 67,760</u>	<u>\$ -</u>	<u>\$ 992,181</u>	<u>\$ 1,393,198</u>

VISIT INDY, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Visit Indy, Inc. (Visit Indy) was formed in 1923. Today, its mission is to drive destination economic development, job creation, community sustainability, and quality of life through visitor travel to Indianapolis. Visit Indy assists visitors by providing services and information. Visit Indy also assists the Capital Improvement Board of Marion County and hospitality industry businesses by marketing their facilities, products, and services to visiting groups and individuals.

Visit Indy is the sole member and parent of Tourism Tomorrow, Inc. d/b/a Tourism Tomorrow Indy (TTI). TTI was formed to educate the public regarding recreational and tourism opportunities available in central Indiana, conduct social science research in the public interest, continually plan for the enhancement of the tourism product, provide research conclusions about the feasibility and viability of tourism related infrastructure, and to lessen the burdens of government, promote the social welfare and combat community deterioration by improving the economic conditions in central Indiana. Additionally, TTI has a program under the name of Music Crossroads, which focuses on advancing the quality of life in Indianapolis through the attraction, support, and collaboration of leading performing art entrepreneurs. TTI—in conjunction with Visit Indy—is a key partner and contributor to the Indianapolis arts community in addition to playing a major role in the city's efforts to attract and stage sporting events.

Routes America 2020 Indianapolis, LLC (Routes) was formed in late 2018 to manage and host the Routes America trade show in 2020 and the related events leading up to the trade show. Routes is a single member LLC and subsidiary of TTI.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying consolidating financial statements have been prepared on the accrual basis of accounting. The preparation of consolidating financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

SUMMARIZED COMPARATIVE INFORMATION

The consolidating financial statements include certain prior year summarized comparative information in total, but not by consolidating entity, functional classification, eliminations, and net asset class. Accordingly, such information should be read in conjunction with the consolidating financial statements for the year ended December 31, 2018, from which the summarized information was derived.

PRINCIPLES OF CONSOLIDATION

Visit Indy and TTI, collectively referred to as the Organization, follow Financial Accounting Standards Board (FASB) Accounting Standards in the preparation of their financial statements. Accordingly, the accounts of Visit Indy's wholly owned subsidiary, TTI and Routes, are included in Visit Indy's consolidating financial statements. Intercompany transactions include shared expenses and grants between the organizations. All significant intercompany transactions have been eliminated in consolidation.

VISIT INDY, INC. AND SUBSIDIARY  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair values measured on a recurring basis at December 31, 2019 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equities:		
S&P index fund	\$ 1,035,891	\$ 1,035,891
Emerging markets index fund	120,566	120,566
Mutual funds:		
Value fund	774,644	744,644
Blend fund	823,784	823,784
Growth fund	1,303,290	1,303,290
Infrastructure	190,697	190,697
Fixed income mutual funds:		
Intermediate-term bond	2,549,743	2,549,743
Bank loan	231,370	231,370
Large growth fund	270,093	270,093
Nontraditional bond	279,382	279,382
Total	<u>\$ 7,579,460</u>	<u>\$ 7,579,460</u>

VISIT INDY, INC. AND SUBSIDIARY  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Fair values measured on a recurring basis at December 31, 2018 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equities:		
S&P index fund	\$ 1,144,854	\$ 1,144,854
Emerging markets index fund	104,954	104,954
Mutual funds:		
Value fund	443,162	443,162
Blend fund	648,628	648,628
Growth fund	855,968	855,968
Infrastructure	156,289	156,289
Fixed income mutual funds:		
Intermediate-term bond	1,756,280	1,756,280
Bank loan	213,372	213,372
Short-term bond	644,423	644,423
Large growth fund	167,599	167,599
Nontraditional bond	259,625	259,625
Total	<u>\$ 6,395,154</u>	<u>\$ 6,395,154</u>

The Organization had no Level 2 or Level 3 investments at December 31, 2019 and 2018. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. These valuation methods have not changed from prior year. See Note 4.

CASH AND CASH EQUIVALENTS

The Organization considers most highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization had cash equivalents held in their investment portfolio of \$413,497 and \$375,999, respectively, at December 31, 2019 and 2018.

ACCOUNTS RECEIVABLE AND CREDIT POLICIES

Accounts receivable are uncollateralized obligations due from partners and others under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the partner. Partner account balances with invoices dated over 90 days old are considered delinquent and are turned over to collection agencies. Payments of accounts receivable are allocated to the specific invoices identified on the partner's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

VISIT INDY, INC. AND SUBSIDIARY  
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ACCOUNTS RECEIVABLE AND CREDIT POLICIES, CONTINUED

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected.

GRANTS RECEIVABLE

Contributions are recognized when the donor makes an unconditional promise to give to the Organization and are recorded at their fair values as revenues and assets in the period promised. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grants receivable of \$151,004 and \$75,000 at December 31, 2019 and 2018, respectively, were due within one year.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost if purchased, or fair market value, if donated. Depreciation is provided on the straight line method over the estimated useful lives of the depreciable assets (3–10 years). The Organization's capitalization policy is \$1,500. Maintenance and repairs are expensed as incurred. Property and equipment is comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Leasehold improvements, office furniture, and equipment	\$ 1,829,283	\$ 2,238,941
Computer equipment, software, and web design	<u>1,918,873</u>	<u>1,742,808</u>
	3,748,156	3,981,749
Accumulated depreciation	<u>(3,097,516)</u>	<u>(3,060,886)</u>
	<u>\$ 650,640</u>	<u>\$ 920,863</u>

INVESTMENTS

Consistent with Accounting Standards for Investments Held by Not-for-Profits, investments in equity securities, mutual funds, and bonds with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

DEFERRED REVENUE

Partnership dues, advertising, and sponsorship revenue are recognized as revenue in the month in which they are earned. Deferred revenue represents amounts received prior to December 31 of each year, which are applicable to the subsequent year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS

The Organization utilizes the following classes of net assets:

Without Donor Restrictions

These include revenue and expenses from the regular operations of the Organization, which are at the discretion of management and the Boards of Directors. At December 31, 2019 and 2018, the Boards have designated net assets of \$328,000 to be used for future industry shows.

With Donor Restrictions

These include donations and grant revenues with restrictions specified by the donors or grantors related to a specific purpose or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Net assets with donor restrictions can also include assets of the Organization for which the donor has stipulated that the contribution remain in perpetuity. Net assets with donor restrictions of \$100,000 at December 31, 2019 are restricted for the Belmont White River project. There were no net assets with donor restriction at December 31, 2018. Donor restrictions released within the same year of donation receipt are recorded as revenue and net assets without donor restrictions.

RECOGNITION OF SUPPORT AND REVENUE

The Organization's revenues consist primarily of promotional service fees, partnership dues, subscriptions and advertising income, housing delegate income, and various convention and event service fees. Revenue is recognized as follows:

Promotional service fees are considered to be distinct performance obligations and are accounted for separately from other sources of revenue. Revenue is recorded as services are completed and fees are earned.

The partnership dues cycle is a calendar year. These partnership dues are recognized ratably over the applicable membership period as the access to partnership benefits is deemed to be ongoing. Any partnerships that do not receive partnership benefits or are considered courtesy members are considered to be contributions and revenue is recognized when dues are paid.

Subscription and advertising revenue is earned on a per subscriber or per advertisement publication basis.

Housing delegate income is earned on a per actual room night basis when an event has ended.

Convention and event service fees are earned upon the completion of the convention or event.

The following table disaggregates the Organization's earned revenue based on the timing for satisfaction of performance obligations for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Over time	\$ 799,230	\$ 796,121
Point in time	<u>14,359,966</u>	<u>15,087,674</u>
Total	<u>\$ 15,159,196</u>	<u>\$ 15,833,795</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

RECOGNITION OF SUPPORT AND REVENUE, CONTINUED

Contributions are recognized when the donor makes an unconditional promise to give to the Organization and are recorded at their fair values as revenues and assets in that same period.

EXPENSE ALLOCATION

Expenses have been classified as convention sales, tourism development, convention services, partnership development, administration, housing, marketing and communications, destination development, and music crossroads, based on the actual direct expenditures as well as cost allocations based upon estimates of time spent by Organization personnel.

ADVERTISING

The Organization incurred \$1,722,454 and \$1,673,331 in advertising production and advertising placement expense for 2019 and 2018, respectively. These costs are expensed as incurred.

INCOME TAXES

Visit Indy is a not-for-profit organization partially exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Contributions to Visit Indy are not tax deductible.

TTI is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a). Routes is a single member LLC treated as a disregarded entity for tax purposes.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through April 15, 2020 which is the date the financial statements were available to be issued.

NEW ACCOUNTING PRONOUNCEMENT

The Organization has adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of January 1, 2019. The ASU provided clarified guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (transactions) subject to other guidance and (2) determining whether a contribution is conditional. The Organization applied the update on a modified prospective basis to agreements that were either not completed as of the effective date or entered into as of the effective date. The application of the update had no impact on net assets as of January 1, 2019.

The Organization has adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as of and for the year ended December 31, 2019. The update provides organizations with a single revenue recognition model for recognizing revenue with customers; specifically requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers.

VISIT INDY, INC. AND SUBSIDIARY  
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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

NEW ACCOUNTING PRONOUNCEMENT, CONTINUED

The Organization utilized a comprehensive approach to evaluate and document the impact of the guidance on current accounting policies and practices in order to identify material differences, if any, that would result from applying the new requirements to revenue contracts. The Organization identified differences resulting from applying the new requirements to revenue contracts with respect to deferred partnership dues. The provisions of Topic 606 were adopted for the year ended 2019 utilizing the full retrospective method. See Note 14.

2. **AVAILABLE RESOURCES AND LIQUIDITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2019 and 2018. At December 31, 2019, the Organization had approximately 220 days of operations in its reserves.

Board designated funds can be spent upon Board approval.

	<u>2019</u>	<u>2018</u>
Financial assets at yearend:		
Cash and cash equivalents	\$ 4,588,431	\$ 4,034,506
Accounts receivable	669,048	476,970
Grants receivable	151,004	75,000
Investments	<u>7,579,460</u>	<u>6,395,154</u>
Total financial assets	12,987,943	10,981,630
Less amounts not available to be used within one year:		
Funds held on behalf of others	(280,830)	(68,210)
Board designated funds	<u>(328,000)</u>	<u>(328,000)</u>
Total amounts not available to be used in one year	<u>(608,830)</u>	<u>(396,210)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 12,379,113</u>	<u>\$ 10,585,420</u>

3. **UNINSURED CASH BALANCES**

The Organization's cash and cash equivalents are comprised of cash accounts at a commercial bank and a money market account with a national investment company. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The money market account, which is considered a cash equivalent, is insured by Securities Investor Protection Corporation (SIPC) up to \$250,000. At December 31, 2019 and 2018, the Organization had balances in excess of federally insured limits of approximately \$3,771,000 and \$3,641,000, respectively.

**VISIT INDY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATING FINANCIAL STATEMENTS**  
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**4. INVESTMENTS**

Cost and fair values at December 31, 2019 are as follows:

	<u>Cost</u>	<u>Cumulative Unrealized Gain</u>	<u>Market Value</u>
Equities	\$ 792,658	\$ 363,799	\$ 1,156,457
Mutual funds	2,682,327	410,088	3,092,415
Fixed income	3,264,595	65,993	3,330,588
	<u>\$ 6,739,580</u>	<u>\$ 839,880</u>	<u>\$ 7,579,460</u>

Cost and fair values at December 31, 2018 are as follows:

	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>	<u>Market Value</u>
Equities	\$ 1,082,153	\$ 167,655	\$ 1,249,808
Mutual funds	2,072,809	31,238	2,104,047
Fixed income	3,130,839	(89,540)	3,041,299
	<u>\$ 6,285,801</u>	<u>\$ 109,353</u>	<u>\$ 6,395,154</u>

The net investment income (loss) for the years ended December 31 is comprised of the following:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 76	\$ 50
Dividend income	213,217	261,575
Realized gain	246,747	55,699
Investment consulting fees	(71,660)	(69,305)
Unrealized gain (loss)	730,527	(596,738)
	<u>\$ 1,118,907</u>	<u>\$ (348,719)</u>

**5. CAPITAL LEASE OBLIGATION**

Visit Indy has a capital lease arrangement for equipment with a total cost of \$96,970 and total accumulated amortization of \$90,909 as of December 31, 2018. The lease term ended effective December 2018 and the agreement will continue on a month-to-month basis going forward and the equipment, now fully depreciated, remains at the Organization.

**6. FUNDS HELD ON BEHALF OF OTHERS**

During 2018, TTI became the fiscal agent for the Central Indiana White River Regional Strategic Plan (the Project). TTI receives and deposits contributions and disburses legitimate expenses of the Project in compliance with any reasonable and legal requirements. TTI received \$943,000 in contributions and expended \$66,112 and \$874,790 in expenditures on behalf of the Project during 2019 and 2018, respectively. At December 31, 2019 and 2018, the balance of funds held on behalf of the Project was \$2,098 and \$68,210, respectively. These funds are kept in a separate bank account.

During 2019, Routes became the fiscal agent for the Routes 2020 conference (the Conference). Routes receives and deposits contributions and disburses legitimate expenses of the Conference in compliance with any reasonable and legal requirements. Routes received \$463,000 in contributions and expended \$180,605 on behalf of the Conference in 2019. At December 31, 2019, the balance of funds held on behalf of the Conference was \$278,732. These funds are kept in a separate bank account.

**7. CAPITAL IMPROVEMENT BOARD CONTRACT**

Visit Indy has contracted with the Capital Improvement Board of Managers of Marion County, Indiana (CIB) to solicit and book conventions, expositions, trade shows, and other meetings and to work in conjunction with the staff of the Indiana Convention Center & Lucas Oil Stadium (ICCLoS) on all conventions involving ICCLoS facilities.

The CIB payments represent 76% and 79% of Visit Indy's total revenue in 2019 and 2018, respectively, and have been presented in the statement of activities as promotional service fees. Visit Indy's contract with the CIB extends through December 31, 2020 and Visit Indy will receive \$13,449,831 of promotional service fees in 2020. Visit Indy expects to renew the contract annually.

**8. RETIREMENT PLANS**

The Organization has a 401(k) plan for all full-time employees. After one year of service, the Organization contributes a maximum of 10% of the employee's W-2 wages to the plan. This is comprised of a 4% safe harbor contribution utilizing a matching formula and a discretionary contribution of an additional 1% match and 5% contribution. The plan provides that forfeitures will be applied as a reduction to the current year employer contribution. Safe harbor contributions are 100% vested on the date of contribution. For all other contributions, vesting begins with 20% at two years of service and increases by 20% each year thereafter until the employee becomes fully vested after six years of service. In 2019 and 2018, the Organization contributed \$602,617 and \$550,213, respectively, to the plan.

In addition, Visit Indy has a liability totaling \$446,214 and \$331,513 at December 31, 2019 and 2018, respectively, included in other accruals on the consolidating statements of financial position for post employment benefits for current and retired key employees.

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9. **CONTRIBUTED GOODS AND USE OF FACILITIES**

During 2019 and 2018, the Organization received contributed goods and use of facilities. The fair market value of these goods and facilities of \$900,302 and \$1,268,862 for 2019 and 2018, respectively, has been reflected in the accompanying consolidating financial statements, which includes \$510,235 and \$492,950 for office rent and parking for 2019 and 2018, respectively. Other contributed goods and services include printing, travel, and other promotional items. These transactions have been treated as noncash transactions and have been excluded from the statements of cash flows.

10. **RELATED PARTY TRANSACTIONS**

At December 31, 2019 and 2018, the Organization had \$89,466 and \$104,526 owed to companies related to members of the Board of Directors. The Organization paid companies related to members of the Board of Directors \$160,348 and \$105,048 for insurance, legal, and other services during 2019 and 2018, respectively. The Board members affected did not vote to approve these transactions.

11. **OPERATING LEASES**

Visit Indy has an office equipment operating lease which is payable on a month-to-month basis. Total equipment rent was \$18,132 for 2019 and 2018.

Visit Indy leases advertisement space which is payable annually. Total annual lease expense for 2019 and 2018 was \$1,500.

In exchange for their long-term commitment to conduct events in Indianapolis, TTI had agreed to facilitate a 10-year real estate lease for the national headquarters of two associations at below market value rates. As such, TTI had a lease for office space through May 2019 with monthly payments of \$21,042. Total lease income and expense for 2019 was \$75,514 and \$105,208, respectively. Total lease income and expense for 2018 was \$202,398 and \$252,500, respectively.

12. **COMMITMENTS**

As of December 31, 2019, Visit Indy has committed to spend \$1,788,149 on future conventions to be held from 2020 through 2026. The expense is recognized in the year the convention event takes place.

Minimum commitments for future conventions are as follows:

	<b>Future Convention Commitments</b>	<b>Projected Income</b>	<b>Net Future Commitment</b>
2020	\$ 393,532	\$ (167,466)	\$ 226,066
2021	463,790	(87,886)	375,904
2022	410,706	-	410,706
2023	175,223	-	175,223
2024	120,898	-	120,898
Thereafter	224,000	-	224,000
	<u>\$ 1,788,149</u>	<u>\$ (255,352)</u>	<u>\$ 1,532,797</u>

VISIT INDY, INC. AND SUBSIDIARY  
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12. COMMITMENTS, CONTINUED

In addition, Visit Indy has a cancellable contract with the Indiana Sports Corporation (ISC) that provides for an annual payment of \$150,000 to ISC to promote sporting events in the City of Indianapolis. Visit Indy paid ISC \$150,000 in 2019 and 2018.

13. FEDERAL, STATE AND LOCAL FUNDING

In accordance with guidelines established by the Indiana State Board of accounts, this federal, state, and local funding information was included to aid in the verification of Indiana financial assistance on the Entity Annual Report (E-1). The Organization files the E-1 on an accrual basis.

Program Name	Grantor Name	CFDA	Revenue	Expense	Funding Type
Film Indy	City of Indianapolis	N/A	\$100,000	\$74,662	State and Local
State Market Research	Indiana Office of Tourism Development	N/A	86,730	86,730	State and Local
Services	Capital Improvement Board of Managers of Marion County	N/A	13,058,088	13,058,088	State and Local
<b>Total funding</b>			<b>\$13,244,818</b>	<b>\$13,219,480</b>	

14. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 1 to the financial statements, the Organization adopted ASU 2014-09 for the year ended December 31, 2019. As a result, the 2018 financial statements were restated as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Adjustment</u>
Total assets	\$ 12,390,431	\$ 12,019,573	\$ (370,858)
Total liabilities	\$ 4,046,121	\$ 3,605,400	\$ (440,721)
Total net assets	\$ 8,344,310	\$ 8,414,173	\$ 69,863
Total revenue	\$ 16,672,423	\$ 17,097,686	\$ 425,263
Total expenses	\$ 16,748,664	\$ 17,104,064	\$ 355,400
Total change in net assets	\$ (76,241)	\$ (6,378)	\$ 69,863

15. RECLASSIFICATIONS

Certain items in the 2018 financial statements have been retroactively reclassified to conform to the 2019 presentation. These reclassifications had no effect on net assets at December 31, 2019.

**16. SUBSEQUENT EVENT**

In recent days, the COVID-19 pandemic has resulted in a state wide stay at home order. The Organization is anticipating a decline in revenue as a result of the pandemic. In addition, the Organization's investments have experienced an approximate 9.6% decline since December 31, 2019. In response, the Organization has curtailed expenses. The Organization does have the ability to draw upon reserves to help offset the anticipated decline in revenue. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on tourism, members, employees and vendors, all of which are uncertain and cannot be predicted.