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April 16, 2021

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, 2019 to December 31, 2019. 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, 2019 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.

A handwritten signature in blue ink that reads "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, 2019 AND 2018

CPAs / ADVISORS



THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

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DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Blue & Co., LLC

Seymour, Indiana

February 28, 2020

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash	\$ 501,337	\$ 357,353
Inventory	<u>3,870</u>	<u>3,343</u>
	<u>\$ 505,207</u>	<u>\$ 360,696</u>

LIABILITIES AND NET ASSETS

Liabilities

Withheld sales and payroll taxes	\$ 462	\$ 2,065
Assets held for others	<u>28,022</u>	<u>-0-</u>
Total liabilities	28,484	2,065

Net assets

Without donor restrictions	<u>476,723</u>	<u>358,631</u>
	<u>\$ 505,207</u>	<u>\$ 360,696</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, 2019
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE
 YEAR ENDED DECEMBER 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support				
Commission	\$ 1,693,409	\$ -0-	\$ 1,693,409	\$ 1,644,086
Contributions	-0-	-0-	-0-	16,500
Retail sales	8,452	-0-	8,452	16,102
Visitors guide ad sales	101,979	-0-	101,979	104,844
Hotel rebate income	5,381	-0-	5,381	2,880
Sporting event fees	65,171	-0-	65,171	11,377
Music event fees	5,219	-0-	5,219	-0-
Miscellaneous	5,668	-0-	5,668	14
Total revenues and support	1,885,279	-0-	1,885,279	1,795,803
Expenses				
Convention and promotion	478,947	-0-	478,947	578,930
Tourism development	896,879	-0-	896,879	864,067
Management and general	391,361	-0-	391,361	391,821
Total expenses	1,767,187	-0-	1,767,187	1,834,818
Change in net assets	118,092	-0-	118,092	(39,015)
Net assets, beginning of year	358,631	-0-	358,631	397,646
Net assets, end of year	\$ 476,723	\$ -0-	\$ 476,723	\$ 358,631

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Commission	\$ 1,644,086	\$ -0-	\$ 1,644,086
Contributions	16,500	-0-	16,500
Retail sales	16,102	-0-	16,102
Visitors guide ad sales	104,844	-0-	104,844
Hotel rebate income	2,880	-0-	2,880
Sporting event fees	11,377	-0-	11,377
Miscellaneous	14	-0-	14
Net assets released from restrictions	<u>2,122</u>	<u>(2,122)</u>	<u>-0-</u>
Total revenues and support	1,797,925	(2,122)	1,795,803
Expenses			
Convention and promotion	578,930	-0-	578,930
Tourism development	864,067	-0-	864,067
Management and general	<u>391,821</u>	<u>-0-</u>	<u>391,821</u>
Total expenses	<u>1,834,818</u>	<u>-0-</u>	<u>1,834,818</u>
Change in net assets	(36,893)	(2,122)	(39,015)
Net assets, beginning of year	<u>395,524</u>	<u>2,122</u>	<u>397,646</u>
Net assets, end of year	<u>\$ 358,631</u>	<u>\$ -0-</u>	<u>\$ 358,631</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, 2019 AND 2018

	2019				2018			
	Convention and Promotion	Tourism Development	Management and General	Total	Convention and Promotion	Tourism Development	Management and General	Total
Salaries, wages, and payroll taxes	\$ 130,409	\$ 181,439	\$ 255,148	\$ 566,996	\$ 205,348	\$ 108,378	\$ 256,685	\$ 570,411
Employee benefits	26,316	36,613	51,488	114,417	44,084	23,267	55,105	122,456
Programs and activities	127,883	127,884	-0-	255,767	117,933	117,934	-0-	235,867
Supplies	5,045	5,045	10,091	20,181	3,676	3,676	7,353	14,705
Travel and training	27,305	9,225	369	36,899	26,709	9,023	361	36,093
Maintenance	-0-	-0-	19,473	19,473	-0-	-0-	17,473	17,473
Utilities	-0-	-0-	9,704	9,704	-0-	-0-	8,758	8,758
Advertising	88,928	266,786	-0-	355,714	112,626	337,880	-0-	450,506
Insurance	5,882	5,881	6,059	17,822	5,224	5,224	5,383	15,831
Professional services	-0-	-0-	25,412	25,412	-0-	-0-	22,405	22,405
Printing and publications	17,359	52,086	3	69,448	6,502	23,332	1,640	31,474
Public relations	16,837	50,510	-0-	67,347	18,279	54,839	-0-	73,118
Office equipment	304	304	152	760	439	439	220	1,098
Telephone	1,111	3,331	1,110	5,552	1,213	3,639	1,213	6,065
Retail store cost of sales	-0-	6,066	-0-	6,066	-0-	8,900	-0-	8,900
Visitors guide ad cost of sales	-0-	65,398	-0-	65,398	-0-	65,595	-0-	65,595
Web development	15,687	62,746	-0-	78,433	14,290	57,160	-0-	71,450
Marketing research	2,036	8,144	-0-	10,180	5,435	21,740	-0-	27,175
Technology supplies and services	5,890	5,890	5,048	16,828	8,537	8,538	7,318	24,393
Professional development	7,532	7,532	6,456	21,520	8,193	8,193	7,023	23,409
Miscellaneous	423	424	848	1,695	442	442	884	1,768
Community Wayfinder program	-0-	1,575	-0-	1,575	-0-	5,868	-0-	5,868
	<u>\$ 478,947</u>	<u>\$ 896,879</u>	<u>\$ 391,361</u>	<u>\$ 1,767,187</u>	<u>\$ 578,930</u>	<u>\$ 864,067</u>	<u>\$ 391,821</u>	<u>\$ 1,834,818</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Change in net assets	\$ 118,092	\$ (39,015)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Inventory	(527)	3,236
Withheld sales and payroll taxes	(1,603)	646
Assets held for others	<u>28,022</u>	<u>-0-</u>
Net cash flows from operating activities	143,984	(35,133)
Investing activities		
Change in restricted cash	<u>-0-</u>	<u>2,122</u>
Net change in cash	143,984	(33,011)
Cash, beginning of year	<u>357,353</u>	<u>390,364</u>
Cash, end of year	<u><u>\$ 501,337</u></u>	<u><u>\$ 357,353</u></u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 and assets held for others 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.

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. Net assets that are currently available

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

for operating purposes under the direction of the board or designated by the board for specific use 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, which would be classified as net assets with donor restrictions.

Advertising Costs

Advertising costs are charged to operations when the cash is disbursed and totaled \$355,714 and \$450,506 for the years ended December 31, 2019 and 2018, respectively.

Revenue Recognition

Due to the modified cash basis of accounting, Monroe County Innkeeper's tax is allocated on an annual basis and recognized when received by the Organization. Sporting and music events fees are also recognized when received by the Organization. Additionally, visitors guide ad sales and retail revenue is recognized at a point in time when cash payment is received by the customer rather than when visitors guide ads are disbursed or goods are sold and transferred to customers. Visitor guide ad sales and hotel rebate income are the only revenue from contracts with customers.

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, 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 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, 2019 AND 2018

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 February 28, 2020.

2. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The ASU outlines a single comprehensive model for recognizing revenue as performance obligations, defined in a contract with a customer as goods or services transferred to the customer in exchange for consideration, are satisfied. The standard also requires expanded disclosures regarding the Organization's revenue recognition policies and significant judgments employed in the determination of revenue. The Organization applied the modified retrospective approach to all exchange transactions when adopting this ASU.

There was no significant impact to the Statements of Financial Position, Activities, Functional Expenses, and Cash Flows as a result of adopting this ASU, and the Organization does not expect it to have a material impact on its activities on a prospective basis.

3. ASSETS HELD FOR OTHERS

The Organization is one of the many co-sponsors of an event and serves as the custodian of the event's proceeds from sponsorships and uses these proceeds to pay all event related expenditures. The event is set to occur in 2020 and the net results will be held to be used towards the following year's event. As these receipts and expenditures are not part of the Organization's operations, a liability of \$28,022 for the unspent amount has been recorded at December 31, 2019.

4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets of \$2,122 were released from donor restrictions for the year ended December 31, 2018, which were restricted to be used under the purpose of the Community Wayfinder Program.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

5. OPERATING LEASES

Noncancellable operating leases for various items of equipment expire in various years through July 2023. Rental expense for all operating leases for the years ended December 31, 2019 and 2018 was \$13,786 and \$11,745, respectively. Future minimum lease payments subsequent to December 31, 2019 are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 27,385
2021	25,309
2022	21,170
2023	<u>3,733</u>
	<u>\$ 77,597</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).

6. 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 \$25,826 and \$25,028 for the years ended December 31, 2019 and 2018, respectively.

7. 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 2019, the Organization received the following:

<u>Grantor</u>	
County	
Innskeeper Tax	<u>\$ 1,693,409</u>
Total county awards	<u>\$ 1,693,409</u>

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

8. LIQUIDITY AND AVAILABILITY

At December 31, 2019 and 2018, the Organization has \$473,315 and \$357,353, respectively 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, on average, is approximately \$450,000. 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 Innkeeper'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 2020, this agreed upon allocation is \$1,804,211, which was contracted prior to December 31, 2019.

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 2019 and 2018, the Organization received 90 percent and 92 percent, respectively of its revenues and support from the Indiana Uniform County Innkeeper Tax.