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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, 2020 to December 31, 2020. 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, 2020 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, 2020 AND 2019

CPAs / ADVISORS



THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

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DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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

April 8, 2021

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash	\$ 614,466	\$ 501,337
Inventory	<u>1,400</u>	<u>3,870</u>
	<u>\$ 615,866</u>	<u>\$ 505,207</u>

LIABILITIES AND NET ASSETS

Liabilities

Withheld sales and payroll taxes	\$ 524	\$ 462
Assets held for others	<u>11,864</u>	<u>28,022</u>
Total liabilities	12,388	28,484

Net assets

Without donor restrictions	<u>603,478</u>	<u>476,723</u>
	<u>\$ 615,866</u>	<u>\$ 505,207</u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF ACTIVITIES – MODIFIED CASH BASIS YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenues and support		
Commission	\$ 1,247,106	\$ 1,693,409
Contributions	55,414	-0-
Retail sales	3,262	8,452
Visitors guide ad sales	61,355	101,979
Hotel rebate income	40	5,381
Sporting event fees	-0-	65,171
Music event fees	4,144	-0-
Miscellaneous	<u>10,003</u>	<u>10,887</u>
Total revenues and support	1,381,324	1,885,279
Expenses		
Convention and promotion	279,111	478,947
Tourism development	601,427	896,879
Management and general	<u>374,031</u>	<u>391,361</u>
Total expenses	<u>1,254,569</u>	<u>1,767,187</u>
Change in net assets	126,755	118,092
Net assets without donor restrictions, beginning of year	<u>476,723</u>	<u>358,631</u>
Net assets without donor restrictions, end of year	<u>\$ 603,478</u>	<u>\$ 476,723</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, 2020 AND 2019

	2020				2019			
	Convention and Promotion	Tourism Development	Management and General	Total	Convention and Promotion	Tourism Development	Management and General	Total
Salaries, wages, and payroll taxes	\$ 91,847	\$ 158,182	\$ 260,234	\$ 510,263	\$ 130,409	\$ 181,439	\$ 255,148	\$ 566,996
Employee benefits	19,831	34,154	56,189	110,174	26,316	36,613	51,488	114,417
Programs and activities	29,236	29,235	-0-	58,471	127,883	127,884	-0-	255,767
Supplies	5,150	5,150	10,299	20,599	5,045	5,045	10,091	20,181
Travel and training	12,406	4,191	168	16,765	27,305	9,225	369	36,899
Maintenance	-0-	-0-	8,833	8,833	-0-	-0-	19,473	19,473
Utilities	-0-	-0-	9,853	9,853	-0-	-0-	9,704	9,704
Advertising	58,712	176,136	-0-	234,848	88,928	266,786	-0-	355,714
Insurance	2,789	2,789	2,875	8,453	5,882	5,881	6,059	17,822
Professional services	-0-	-0-	15,785	15,785	-0-	-0-	25,412	25,412
Printing and publications	11,802	37,960	1,094	50,856	17,359	52,086	3	69,448
Public relations	17,615	52,843	-0-	70,458	16,837	50,510	-0-	67,347
Office equipment	-0-	-0-	-0-	-0-	304	304	152	760
Telephone	1,190	3,570	1,190	5,950	1,111	3,331	1,110	5,552
Retail store cost of sales	-0-	2,159	-0-	2,159	-0-	6,066	-0-	6,066
Visitors guide ad cost of sales	-0-	3,373	-0-	3,373	-0-	65,398	-0-	65,398
Web development	18,014	72,056	-0-	90,070	15,687	62,746	-0-	78,433
Marketing research	2,156	8,624	-0-	10,780	2,036	8,144	-0-	10,180
Technology supplies and services	6,124	6,124	5,248	17,496	5,890	5,890	5,048	16,828
Professional development	1,939	1,939	1,663	5,541	7,532	7,532	6,456	21,520
Miscellaneous	300	300	600	1,200	423	424	848	1,695
Community Wayfinder program	-0-	2,642	-0-	2,642	-0-	1,575	-0-	1,575
	<u>\$ 279,111</u>	<u>\$ 601,427</u>	<u>\$ 374,031</u>	<u>\$ 1,254,569</u>	<u>\$ 478,947</u>	<u>\$ 896,879</u>	<u>\$ 391,361</u>	<u>\$ 1,767,187</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating activities		
Change in net assets	\$ 126,755	\$ 118,092
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Inventory	2,470	(527)
Withheld sales and payroll taxes	62	(1,603)
Assets held for others	<u>(16,158)</u>	<u>28,022</u>
Net change in cash	113,129	143,984
Cash, beginning of year	<u>501,337</u>	<u>357,353</u>
Cash, end of year	<u><u>\$ 614,466</u></u>	<u><u>\$ 501,337</u></u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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 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 \$234,848 and \$355,714 for the years ended December 31, 2020 and 2019, 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. Salaries, wages, and payroll taxes, employee benefits, programs and activities, travel and training, professional development, and various office and marketing 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 CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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.

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 April 8, 2021.

2. 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 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 \$11,864 and \$28,022 for the unspent amount has been recorded at December 31, 2020 and 2019, respectively.

3. 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, 2020 and 2019 was \$25,908 and \$13,786, respectively. Future minimum lease payments subsequent to December 31, 2020 are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 25,309
2022	21,170
2023	<u>4,232</u>
	<u>\$ 50,711</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 CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

The lease requires the Organization to pay generally all executory costs (property taxes, maintenance, and insurance).

4. 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 \$23,746 and \$25,826 for the years ended December 31, 2020 and 2019, respectively.

5. 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 2020, the Organization received and disbursed the following:

Grantor	
County	
Awards received	
Innskeeper Tax	\$ 1,247,106
Indiana Arts Commission	49,061
Covid Cares	<u>4,352</u>
Total county awards received	<u>\$ 1,300,519</u>
Awards disbursed	
Innskeeper Tax	\$ 1,188,996
Indiana Arts Commission	49,061
Covid Cares	<u>4,352</u>
Total county awards disbursed	<u>\$ 1,242,409</u>

6. LIQUIDITY AND AVAILABILITY

At December 31, 2020 and 2019, the Organization has \$602,602 and \$473,315, 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 \$300,000. The Organization

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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 2021, this agreed upon allocation is \$1,623,790, which was contracted prior to December 31, 2020.

7. 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 2020 and 2019, the Organization received 91 percent and 90 percent, respectively of its revenues and support from the Indiana Uniform County Innkeeper Tax.

8. COMMITMENT

The Organization has entered into an agreement with a company for organic search engine optimization and reporting. This agreement expires in September 2021. Future payments per the agreement total \$18,000 in 2020.

9. CONTINGENCY

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, mandated shut-downs or event capacity limitations, and delays, loss of, or reduction to, revenue, support and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

10. SUBSEQUENT EVENTS

The Organization entered into an agreement with a company in January 2021 to increase overall social and digital efficiency, activate its brand across seasons, and deliver real-time content through every market channel. This agreement is effective February 2021 through February 2023. Future payments per the agreement total \$18,000 in both 2021 and 2022.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Subsequent to the balance sheet date, the Organization applied for and received a low interest loan in the amount of \$134,418 under the Paycheck Protection Program 2 (PPP2) administered by the Small Business Administration. The PPP2 loan is unsecured, bears interest at 1% and funds advanced under the program are subject to forgiveness, if certain criteria are met with the remaining balance repayable within five years of disbursement. No payments are due on this loan for ten months from the last date of the covered period and interest will accrue during the deferment period. The PPP2 loan may be forgivable to the extent that employers incur and spend the funds on payroll costs, including benefits. Funds can also be used to pay for the mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations during the covered period (the 8-week period beginning on loan origination). In addition, employers must maintain specified employment and wage levels during the pandemic and submit adequate documentation of such expenditures to qualify for loan forgiveness.