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September 16, 2021

Board of Directors
Evansville Convention & Visitors Bureau
401 S.E. Riverside
Evansville, IN 47113

We have reviewed the audit report of the Evansville Convention & Visitors Bureau which was opined upon by Timothy J. Otte, CPA, PC, Independent Public Accountants, for the period January 1, 2019 to December 31, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Evansville Convention & Visitors Bureau 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, Timothy J. Otte, CPA, PC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

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

**EVANSVILLE-VANDERBURGH COUNTY CONVENTION AND
VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

EVANSVILLE-VANDEBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Evansville, Indiana 47713

We have audited the accompanying financial statements of Evansville-Vanderburgh County Convention and Visitors Bureau, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets- modified cash basis as of December 31, 2020 and 2019, and the related statements of revenue and expenses- 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 misstatements, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 assets, liabilities and net assets of Evansville-Vanderburgh County Convention and Visitors Bureau, Inc. as of December 31, 2020 and 2019, and its revenues and expenses 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 describe 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 this matter.

Timothy J. Otte, C.P.A., P.C.



Evansville, Indiana

July 29, 2021

EVANSVILLE-VANDERBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash & Cash Equivalents- Operational	\$ 336,377	\$ 738,037
Cash & Cash Equivalents- Capital Development	3,169,388	3,964,444
Certificate of Deposit- Capital Development	1,311,052	1,288,625
Accounts Receivable- Casino Admission Tax	66,472	46,720
Due from Visitors Center	477	-
Total Current Assets	<u>4,883,766</u>	<u>6,037,826</u>
Noncurrent Assets		
Certificate of Deposit- Operational	<u>374,174</u>	-
Total Noncurrent Assets	<u>374,174</u>	-
 Total Assets	 <u><u>\$ 5,257,940</u></u>	 <u><u>\$ 6,037,826</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Encumbrances Payables	\$ 117,585	\$ 6,314
Due to Visitors Center	-	593
Payroll Liabilities	1,847	1,695
SBA PPP Loan	<u>138,900</u>	-
Total Current Liabilities	<u>258,332</u>	<u>8,602</u>
 Net Assets Without Donor Restrictions		
Tourism Promotional	676,309	786,789
Capital Development	<u>4,323,299</u>	<u>5,242,435</u>
Total Net Assets	<u>4,999,608</u>	<u>6,029,224</u>
 Total Liabilities and Net Assets	 <u><u>\$ 5,257,940</u></u>	 <u><u>\$ 6,037,826</u></u>

See notes to financial statements

EVANSVILLE- VANDERBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENTS OF REVENUE AND EXPENSES- MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	Net Assets Without Donor Restrictions	
	2020	2019
REVENUE		
Innkeeper Tax	\$ 2,512,503	\$ 3,790,075
Casino Admission Tax	192,000	192,000
Miscellaneous Income	17,490	-
Interest Income	42,666	66,113
Total Revenue	2,764,659	4,048,188
EXPENSES		
Tourism Promotional	1,077,356	1,473,553
Capital Development	2,423,969	2,268,085
Management and General	292,950	273,551
Total Expenses	3,794,275	4,015,189
CHANGE IN NET ASSETS	(1,029,616)	32,999
NET ASSETS- beginning of year	6,029,224	5,996,225
NET ASSETS- end of year	\$ 4,999,608	\$ 6,029,224

See notes to financial statements

EVANSVILLE- VANDERBURGH COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENTS OF FUNCTIONAL EXPENSES- MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Program Services		Management and General	2020 Total
	Tourism Promotional	Capital Development		
EXPENSES				
Advertising	\$ 99,222	\$ -	\$ -	\$ 99,222
Auto Lease	3,463	-	1,414	4,877
Contractual Services	376,662	-	32,581	409,243
Conventions Sales	25,225	-	-	25,225
Community Relations	1,350	-	-	1,350
Dues & Subscriptions	22,041	-	-	22,041
Grants	-	2,423,969	-	2,423,969
Insurance	18,545	-	7,575	26,120
Legal Fees	-	-	56,683	56,683
Office Expenses	-	-	7,394	7,394
Postage & Freight	3,144	-	-	3,144
Public Relations	614	-	-	614
Research	6,390	-	-	6,390
Seminars & Education	50	-	-	50
Special Events Grants	2,500	-	-	2,500
Sports Sales	40,075	-	-	40,075
Telephone	9,241	-	3,774	13,015
Travel/Mileage	17,384	-	-	17,384
Wages, Taxes & Fringes	451,450	-	183,529	634,979
Total Expenses	<u>\$ 1,077,356</u>	<u>\$ 2,423,969</u>	<u>\$ 292,950</u>	<u>\$ 3,794,275</u>

	Program Services		Management and General	2019 Total
	Tourism Promotional	Capital Development		
EXPENSES				
Advertising	\$ 354,539	\$ -	\$ -	\$ 354,539
Auto Lease	2,924	-	1,195	4,119
Contractual Services	373,092	-	31,560	404,652
Conventions Sales	77,910	-	-	77,910
Community Relations	5,587	-	-	5,587
Dues & Subscriptions	19,422	-	-	19,422
Grants	-	2,268,085	-	2,268,085
Insurance	17,121	-	6,993	24,114
Legal Fees	-	-	53,641	53,641
Office Expenses	-	-	7,708	7,708
Postage & Freight	4,756	-	-	4,756
Public Relations	432	-	-	432
Research	6,930	-	-	6,930
Seminars & Education	2,511	-	-	2,511
Special Events Grants	67,500	-	-	67,500
Sports Sales	52,706	-	-	52,706
Telephone	8,179	-	3,341	11,520
Travel/Mileage	65,123	-	-	65,123
Wages, Taxes & Fringes	414,821	-	169,113	583,934
Total Expenses	<u>\$ 1,473,553</u>	<u>\$ 2,268,085</u>	<u>\$ 273,551</u>	<u>\$ 4,015,189</u>

See notes to financial statements

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

NOTE 1- NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Evansville-Vanderburgh County Convention & Visitors Bureau, Inc. (ECVB) serves as the official tourism organization for Evansville and Vanderburgh County, which markets and supports local hotels and attractions by developing and facilitating the convention and visitors industry in Evansville. The ECVB enhances the economy of the area by selling and marketing the region as the premier destination for conventions, meetings, sports events, recreation, and business. The funding of this operation is primarily with a tax generated on hotel rooms commonly known as the Innkeepers tax, which rates must be approved by the Indiana Legislature. Since the funding is with tax revenues, the County Council must appropriate the funds and approve the annual budget.

Basis of Accounting

The ECVB prepares its financial statements 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. The ECVB records revenues from Tropicana Casino on a monthly basis and reduces the receivable when they receive funds indirectly from the State through Vanderburgh County. The ECVB also records encumbrances at year end which are then recorded as expenses at the time they are encumbered.

Basis of Presentation

The ECVB reports information regarding its financial position and activities according to two classifications of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions- These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions- These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished, the net assets are restricted.

Income Tax Status

The ECVB is a nonprofit organization and exempt from income taxes under 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Management believes that it has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearest conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

For the purpose of the statement of assets, liabilities, and net assets, the ECVB considers all highly liquid investments, which are readily converted into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. At December 31, 2020 and 2019, management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these investments.

Accounts Receivable – Casino Admission Tax

Accounts receivable are stated at the amount the ECVB expects to collect from outstanding balances. As of December 31, 2020 and 2019, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Revenue Recognition

Revenue from the Innkeepers tax is recognized when received and the estimated funds from the Casino are being recorded monthly as income. Management believes this provides a better representation of revenues since the receipt is sporadic from the State of Indiana as it relates to the Casino admissions tax even though the tax is paid on a monthly basis to the State.

Use of Estimates

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2020 and 2019 were \$99,222 and \$354,539, respectively.

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, costs have been allocated among the program and services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been classified based on the actual direct expenditures and cost allocation based on time estimates made by management. Salaries, payroll taxes, employee benefits, retirement, and contractual services included both direct expenses and allocated expenses based on time estimates. Auto Lease, insurance and telephone are allocated solely based on time estimates.

Pending Accounting Pronouncement

In June 2018, the FASB issued ASU 2016-02, *Leases* (Topic 842). Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from the lease by a lease primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP- which requires only capital leases to be recognized on the statement of financial position- the new ASU will require both types of leases to be recognized on the statement of financial position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021.

ECVB is currently evaluating the effect of this pronouncement will have on its financial statements and related disclosures.

NOTE 2- RETIREMENT PLAN

The ECVB maintains an employees' Retirement Plan for eligible employees in the form of a SEP-IRA. The ECVB contributes 10% of annual compensation into each employee's individual account. The ECVB's contribution for the year ended December 31, 2020 and 2019 were \$42,639 and \$36,914, respectively.

NOTE 3- EXPENDITURES

If the ECVB's expenditures exceed any budgetary line item, they have the ability to transfer unspent funds from any budgeted account, with the exception of any budgeted account related to personnel expenses, to cover the overspent account. This transfer must be reported when submitting year-end financial information provided by the ECVB's accounting firm to the County Council and County Auditor.

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

NOTE 4- CONCENTRATIONS OF CREDIT RISK

The ECVB has deposits at local financial institutions which are in excess of the insured limits of the Federal Deposit Insurance Corporation (FDIC). These deposits exceeded available insurance by \$4,435,255 at December 31, 2020 and \$5,025,591 at December 31, 2019. These financial institutions have not made any guarantees on these deposits in addition to the FDIC guarantee. ECVB has not experienced any losses and does not believe that significant credit risk exist as a result of this practice.

NOTE 5- RELATED PARTY

The ECVB paid the Evansville Visitors Center, Inc. stipends of \$43,500 for 2020 and \$82,500 for 2019. The stipends are used to fund the Visitors Centers operations and to provide office space for the ECVB. In addition, the Visitor Center is reimbursed for expenses attributed to the ECVB. The Visitors Center and the ECVB also have a common governance board.

NOTE 6- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of December 31, 2020, ECVB has \$5,257,940 of financial assets available within one year of the statement of asset, liabilities, and net assets date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$336,377 and a certificate of deposit of \$374,174 to be used for operations, cash and equivalents of \$3,169,388 and a certificate of deposit of \$1,311,052 to be used for capital development, amounts due from the Visitors Center of \$477 and accounts receivable of \$66,472 from casino admission tax to be used for operations. As of December 31, 2019, ECVB has \$6,037,826 of financial assets available within one year of the statement of asset, liabilities, and net assets date to meet cash needs for general expenditures consisting of cash and equivalents of \$738,037 to be used for operations, cash, and equivalents of \$3,964,444 and a certificate of deposit of \$1,288,625 to be used for capital development, and accounts receivable of \$46,720 from casino admission tax to be used for operations. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general or capital development expenditures within one year of the statement of assets, liabilities, and net assets date. The casino admission tax accounts receivable are subject to time restrictions but are normally collected within four months. ECVB's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of operating expenditures. As part of its liquidity plan, ECVB has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due which includes investing excess cash in money market accounts and certificates of deposit.

NOTE 7- RISKS AND UNCERTAINTIES

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created uncertainty, volatility, and disruption across economies and financial markets. At this point, ECVB cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may impact ECVB's financial statements and future results of operations. ECVB will continue to monitor and evaluate the nature and extent of the impact on its ongoing activities and the potential effect on future contributions or funding and expenses, financial condition, and liquidity.

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

NOTE 8 - SCHEDULE OF REVENUE- SBOA

The following is a schedule of revenue as required by the State Board of Accounts (SBOA) prepared on a cash basis.

	<u>Tourism</u>	<u>Capital Develop.</u>	<u>2020 Total</u>
Innkeepers Tax	\$ 1,046,876	\$ 1,465,627	\$ 2,512,503
Casino Admission Tax	193,280	-	193,280
	<u>\$ 1,240,156</u>	<u>\$ 1,465,627</u>	<u>\$ 2,705,783</u>
	<u>Tourism</u>	<u>Capital Develop.</u>	<u>2019 Total</u>
Innkeepers Tax	\$ 1,579,198	\$ 2,210,877	\$ 3,790,075
Cassino Admission Tax	172,248	-	172,248
	<u>\$ 1,751,446</u>	<u>\$ 2,210,877</u>	<u>\$ 3,962,323</u>

Admission tax reflects actual cash collected and differs than what is recorded on the statements of revenues and expenses- modified cash basis which is based on estimates due to timing of collections.

NOTE 9 - ENCUMBRANCES

The Organization provides a balance sheet compiled by their accounting firm to the County Auditor and can request that the County Auditor approve the encumbrance of unspent budgeted funds at the year end. The unspent funds, if approved, are then encumbered and they can be spent in addition to the budgeted funds during the next budgetary period.

A summary of the funds encumbered at December 31, 2020 and 2019 are as follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>
<i>Tourism Promotional:</i>		
Office Machines	\$ 1,746	\$ -
<i>Capital Development:</i>		
Goebel Soccer Complex	-	6,314
Pagoda Repairs	115,839	-
	<u>\$ 117,585</u>	<u>\$ 6,314</u>

Evansville-Vanderburgh County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

NOTE 10- PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN

ECVB received a Paycheck Protection Program (“PPP”) under the new federal program designated to support small businesses during the pandemic. The PPP loan program was part of the CARES Act, which was signed into law on March 27, 2020 and is being implemented by the SBA with cooperation from private banks. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. A loan amount of \$138,900 was received and was forgiven on February 12, 2021 by the SBA. Management has elected to show the loan balance as of December 31, 2020, as a liability and will record income from debt forgiveness in 2021.

NOTE 11- COMMITMENTS

ECVB has entered into a new lease agreement related to relocating office space. The lease term is for ten (10) years commencing October 1, 2021 and expiring on October 1, 2031 with an option to renew up to two (2) additional consecutive terms of (5) years each. Rent payments are \$8,883 per month subject to a 1.5% annual increase including the renewal period. Future minimum lease payments under the operating lease agreement are as follows:

Lease Months 1-12	\$ 106,601
Lease Months 13-24	108,200
Lease Months 25-36	109,823
Lease Months 37-48	111,470
Lease Months 49-60	113,142
Thereafter	<u>591,863</u>
	<u>\$ 1,140,918</u>

NOTE 12- BOARD DESIGNATED NET ASSETS

Board designated net assets are those net assets that the Board of Directors has designated to be used for the purpose of making grants for capital development. The total board designated net assets at December 31, 2020 and 2019 was \$4,999,608 and \$6,029,224, respectively.

NOTE 13- SUBSEQUENT EVENTS

The ECVB has evaluated subsequent events and transactions through July 29, 2021, the date the financial statements were available to be issued.

In January of 2021, ECVB received a loan of \$135,913 from the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief and Economic Security Act (CARES) to be utilized for payroll and operating expenses.