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October 7, 2022

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, 2021 to December 31, 2021. 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, 2021 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 black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

FINANCIAL STATEMENTS

(MODIFIED CASH BASIS)

DECEMBER 31, 2021 AND 2020

CPAs / ADVISORS



THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
The Convention and Visitors Bureau of Monroe County, Inc.
Bloomington, Indiana

Opinion

We have audited the accompanying financial statements of The Convention and Visitors Bureau of Monroe County, Inc. (the "Organization"), which comprise the statement of financial position – modified cash basis as of December 31, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in its net assets and its cash flow for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Blue & Co., LLC

Seymour, Indiana

April 11, 2022

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash	\$ 977,833	\$ 614,466
Inventory	<u>9,347</u>	<u>1,400</u>
	<u>\$ 987,180</u>	<u>\$ 615,866</u>

LIABILITIES AND NET ASSETS

Liabilities

Withheld sales and payroll taxes	\$ 1,655	\$ 524
Assets held for others	<u>-0-</u>	<u>11,864</u>
Total liabilities	1,655	12,388

Net assets

Without donor restrictions	963,525	603,478
With donor restrictions	<u>22,000</u>	<u>-0-</u>
Total net assets	<u>985,525</u>	<u>603,478</u>
	<u>\$ 987,180</u>	<u>\$ 615,866</u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

STATEMENTS OF ACTIVITIES – MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support				
Commission	\$ 1,420,816	\$ -0-	\$ 1,420,816	\$ 1,247,106
Event income	-0-	33,824	33,824	-0-
Grant revenue	140,005	-0-	140,005	55,414
Retail sales	5,863	-0-	5,863	3,262
Visitors guide ad sales	61,329	-0-	61,329	61,355
Hotel rebate income	290	-0-	290	40
Music event fees	660	-0-	660	4,144
Miscellaneous	9,233	-0-	9,233	10,003
Net assets released from restrictions	<u>11,824</u>	<u>(11,824)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and support	1,650,020	22,000	1,672,020	1,381,324
Expenses				
Convention and promotion	286,455	-0-	286,455	279,111
Tourism development	608,790	-0-	608,790	601,427
Management and general	<u>394,728</u>	<u>-0-</u>	<u>394,728</u>	<u>374,031</u>
Total expenses	<u>1,289,973</u>	<u>-0-</u>	<u>1,289,973</u>	<u>1,254,569</u>
Change in net assets	360,047	22,000	382,047	126,755
Net assets, beginning of year	<u>603,478</u>	<u>-0-</u>	<u>603,478</u>	<u>476,723</u>
Net assets, end of year	<u>\$ 963,525</u>	<u>\$ 22,000</u>	<u>\$ 985,525</u>	<u>\$ 603,478</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, 2021 AND 2020

	2021			2020				
	Convention and Promotion	Tourism Development	Management and General	Total	Convention and Promotion	Tourism Development	Management and General	Total
Salaries, wages, and payroll taxes	\$ 103,467	\$ 150,027	\$ 263,840	\$ 517,334	\$ 91,847	\$ 158,182	\$ 260,234	\$ 510,263
Employee benefits	23,766	34,460	60,603	118,829	19,831	34,154	56,189	110,174
Programs and activities	37,483	37,483	-	74,966	29,236	-	-	58,471
Supplies	3,038	3,038	6,076	12,152	5,150	5,150	10,299	20,599
Travel and training	10,865	3,671	147	14,683	12,406	4,191	168	16,765
Maintenance	-	-	22,986	22,986	-	-	8,833	8,833
Utilities	-	-	9,002	9,002	-	-	9,853	9,853
Advertising	52,335	157,004	-	209,339	58,712	176,136	-	234,848
Insurance	4,077	4,077	4,200	12,354	2,789	2,789	2,875	8,453
Professional services	-	-	15,985	15,985	-	-	15,785	15,785
Printing and publications	13,679	43,342	988	58,009	11,802	37,960	1,094	50,856
Public relations	2,115	6,346	-	8,461	17,615	52,843	-	70,458
Office equipment	396	396	198	990	-	-	-	-
Telephone	1,567	4,701	1,567	7,835	1,190	3,570	1,190	5,950
Retail store cost of sales	-	4,405	-	4,405	-	2,159	-	2,159
Visitors guide ad cost of sales	-	53,157	-	53,157	-	3,373	-	3,373
Web development	16,801	67,205	-	84,006	18,014	72,056	-	90,070
Marketing research	6,825	27,299	-	34,124	2,156	8,624	-	10,780
Technology supplies and services	8,569	8,569	7,345	24,483	6,124	6,124	5,248	17,496
Professional development	1,006	1,006	862	2,874	1,939	1,939	1,663	5,541
Miscellaneous	466	466	929	1,861	300	300	600	1,200
Community Wayfinder program	-	2,138	-	2,138	-	2,642	-	2,642
	<u>\$ 286,455</u>	<u>\$ 608,790</u>	<u>\$ 394,728</u>	<u>\$ 1,289,973</u>	<u>\$ 279,111</u>	<u>\$ 601,427</u>	<u>\$ 374,031</u>	<u>\$ 1,254,569</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets	\$ 382,047	\$ 126,755
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Inventory	(7,947)	2,470
Withheld sales and payroll taxes	1,131	62
Assets held for others	<u>(11,864)</u>	<u>(16,158)</u>
Net change in cash	363,367	113,129
Cash, beginning of year	<u>614,466</u>	<u>501,337</u>
Cash, end of year	<u><u>\$ 977,833</u></u>	<u><u>\$ 614,466</u></u>

See accompanying notes to financial statements.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

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

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions.

Advertising Costs

Advertising costs are charged to operations when the cash is disbursed and totaled \$209,339 and \$234,848 for the years ended December 31, 2021 and 2020, 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.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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.

Paycheck Protection Program

In February 2021, the Organization received a low interest loan in the amount of \$134,418 under the Paycheck Protection Program (PPP) administered by the Small Business Administration. The PPP loan was unsecured and bore interest at 1%. Funds advanced under the program were subject to forgiveness if certain criteria were met with the remaining balance repayable within two years of disbursement. The PPP loan was forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period (the 24-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.

The Organization elected to recognize the PPP proceeds under the grant model. The Organization received full forgiveness on June 30, 2021, and as such, the entire amount was recognized as grant revenue on the 2021 Statement of Activities.

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 were available to be issued, which is April 11, 2022.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

2. ASSETS HELD FOR OTHERS

Prior to 2021, the Organization was one of the many co-sponsors of an event (Freezefest) and served as the custodian of the event's proceeds from sponsorships and used these proceeds to pay all event related expenditures. The net results were held to be used towards the following year's event. As these receipts and expenditures were not part of the Organization's operations, a liability of \$11,864 for the unspent amount had been recorded at December 31, 2020.

Beginning in 2021, this event is now fully hosted by the Organization and is included in the program activities of the Organization. Due to this change in circumstances, the Organization no longer records the unspent funds as a liability, but rather as net assets with donor restrictions and the prior year liability was recognized as revenue in the current year.

3. OPERATING LEASES

Noncancellable operating leases for various items of equipment expire in various years through September 2026. Rental expense for all operating leases for the years ended December 31, 2021 and 2020 was \$25,130 and \$25,908, respectively. Future minimum lease payments subsequent to December 31, 2021 are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 27,254
2023	10,315
2024	6,083
2025	6,083
2026	<u>2,670</u>
	<u>\$ 52,405</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).

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 \$26,499 and \$23,746 for the years ended December 31, 2021 and 2020, respectively.

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Net assets with donor restrictions consisted of \$33,824 and \$0 related to the Freezefest event for the years ended December 31, 2021 and 2020, respectively.

Net assets were released from donor restrictions of \$11,824 and \$0 for the years ended December 31, 2021 and 2020, respectively, which were restricted under the purpose of the Freezefest event.

6. STATE, COUNTY, AND LOCAL FUNDING

In compliance with the Indiana State Board of Accountant’s Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, state, local, and county funding must be disclosed for the current year. During 2021, the Organization received and disbursed the following:

<u>Grantor</u>		
County		
Awards received		
Innskeeper Tax	\$	1,420,816
Covid Cares		<u>588</u>
Total county awards received	\$	<u><u>1,421,404</u></u>
Awards disbursed		
Innskeeper Tax	\$	1,293,369
Covid Cares		<u>588</u>
Total county awards disbursed	\$	<u><u>1,293,957</u></u>

7. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 977,833	\$ 602,602
Less donor restricted	<u>33,824</u>	<u>-0-</u>
Financial assets available for general expenditures within one year	<u><u>\$ 944,009</u></u>	<u><u>\$ 602,602</u></u>

THE CONVENTION AND VISITORS BUREAU OF MONROE COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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 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 2022, this agreed upon allocation is \$1,704,979, which was contracted prior to December 31, 2021.

8. COMMITMENT

In August 2021, the Organization entered into a contract with a vendor to provide talent, ice, and associated materials for the Freezefest event occurring in January 2022 for the amount of \$45,000, which will be paid at that time.

The Organization has an agreement with a company for hosting and development of a customer relationship management service. Future payments per the agreement are \$18,000 annually through 2023.

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 2021 and 2020, the Organization received 85 percent and 91 percent, respectively of its revenues and support from the Indiana Uniform County Innkeeper Tax.