



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 26, 2023

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, 2020 to December 31, 2020. 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, 2020 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.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

VISIT INDY, INC. AND SUBSIDIARY
(TOURISM TOMORROW, INC.
D/B/A TOURISM TOMORROW INDY)
CONSOLIDATING FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2020 AND 2019



Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
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, 2020, 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, 2020, 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 2019 consolidating financial statements, and we expressed an unmodified audit opinion on those audited consolidating financial statements in our report dated April 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

Greenwald CPAs, Inc.

April 21, 2021

VISIT INDY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020

WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2019

	VISIT INDY	TOURISM TOMORROW INDY	ELIMINATIONS	CONSOLIDATED TOTALS	
				2020	2019
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 5,970,909	\$ 857,577	\$ -	\$ 6,828,486	\$ 4,588,431
Accounts receivable					
Partnership dues	24,867	-	-	24,867	11,090
Intercompany, net	-	12,734	(12,734)	-	-
Convention and event, less allowance for doubtful accounts of \$1,500 and \$1,100 for 2020 and 2019, respectively	12,755	-	-	12,755	473,938
Other, less total allowance for doubtful accounts of \$3,000 for 2020 and 2019	15,938	43,838	-	59,776	184,020
Grants receivable	31,905	-	-	31,905	151,004
Prepayments and other	244,341	75	-	244,416	164,253
<i>Total current assets</i>	<u>6,300,715</u>	<u>914,224</u>	<u>(12,734)</u>	<u>7,202,205</u>	<u>5,572,736</u>
PROPERTY AND EQUIPMENT, NET	342,582	-	-	342,582	650,640
INVESTMENTS	8,115,436	-	-	8,115,436	7,579,460
<i>Total assets</i>	<u>\$ 14,758,733</u>	<u>\$ 914,224</u>	<u>\$ (12,734)</u>	<u>\$ 15,660,223</u>	<u>\$ 13,802,836</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable					
Trade	\$ 189,295	\$ 81,097	\$ -	\$ 270,392	\$ 755,850
Related parties	44,956	29	-	44,985	89,466
Intercompany, net	12,734	-	(12,734)	-	-
Other accruals	1,477,592	-	-	1,477,592	2,283,211
Deferred revenue					
Partnership dues	121,533	-	-	121,533	175,724
Other	-	95,569	-	95,569	77,089
Funds held on behalf of others	-	2,098	-	2,098	280,830
<i>Total current liabilities</i>	<u>1,846,110</u>	<u>178,793</u>	<u>(12,734)</u>	<u>2,012,169</u>	<u>3,662,170</u>
COMMITMENTS (NOTES 10 AND 11)					
NET ASSETS					
Without donor restrictions	12,912,623	677,431	-	13,590,054	10,040,666
With donor restriction	-	58,000	-	58,000	100,000
<i>Total net assets</i>	<u>12,912,623</u>	<u>735,431</u>	<u>-</u>	<u>13,648,054</u>	<u>10,140,666</u>
<i>Total liabilities and net assets</i>	<u>\$ 14,758,733</u>	<u>\$ 914,224</u>	<u>\$ (12,734)</u>	<u>\$ 15,660,223</u>	<u>\$ 13,802,836</u>

VISIT INDY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	VISIT INDY		TOURISM TOMORROW INDY		CONSOLIDATED TOTALS		
	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	ELIMINATIONS	2020	2019
REVENUE							
Promotional service fees	\$ 11,656,519	\$ -	\$ -	\$ -	\$ -	\$ 11,656,519	\$ 13,058,088
Marketing campaign	170,000	-	-	-	-	170,000	185,000
Partnership dues	687,063	-	-	-	-	687,063	799,230
Subscription and advertising	103,333	-	-	-	-	103,333	113,003
Housing delegate	122,638	-	-	-	-	122,638	487,443
Convention and event Programs	107,272	-	-	-	-	107,272	130,464
State research	-	190,187	-	190,187	-	190,187	102,963
Sponsorships and other grants	1,143,195	200,000	-	200,000	-	1,343,195	86,730
Special programs	-	40,000	-	40,000	-	40,000	286,014
Intercompany grants	-	269,096	-	269,096	(269,096)	-	100,000
Investment income, net	873,662	14	-	14	-	873,676	-
Other	74,504	68,775	-	68,775	-	143,279	1,118,907
Contributed goods and facilities	668,237	-	-	-	-	668,237	196,275
Net assets released from restriction	-	42,000	(42,000)	-	-	-	900,302
<i>Total revenue</i>	15,606,423	810,072	(42,000)	768,072	(269,096)	16,105,399	17,564,419
EXPENSES							
Convention sales	4,013,639	-	-	-	-	4,013,639	6,128,514
Tourism development	87,197	-	-	-	-	87,197	105,686
Convention services	1,304,070	-	-	-	-	1,304,070	1,640,051
Partnership development	490,452	-	-	-	-	490,452	708,324
Administration	1,810,738	-	-	-	(269,096)	1,541,642	1,717,932
Housing	460,883	-	-	-	-	460,883	532,426
Marketing and communications	3,876,027	-	-	-	-	3,876,027	4,332,198
Destination development	-	796,293	-	796,293	-	796,293	503,116
Music Crossroads	-	27,808	-	27,808	-	27,808	169,679
<i>Total expenses</i>	12,043,006	824,101	-	824,101	(269,096)	12,598,011	15,837,926
CHANGE IN NET ASSETS	3,563,417	(14,029)	(42,000)	(56,029)	-	3,507,388	1,726,493
NET ASSETS, BEGINNING OF YEAR	9,349,206	691,460	100,000	791,460	-	10,140,666	8,414,173
NET ASSETS, END OF YEAR	\$ 12,912,623	\$ 677,431	\$ 58,000	\$ 735,431	\$ -	\$ 13,648,054	\$ 10,140,666

See notes to consolidating financial statements.

VISIT INDY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	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	2020	2019	
CONVENTION SALES	\$ 10,841	\$ -	\$ 202	\$ -	\$ -	\$ -	\$ 102,657	\$ 113,700	\$ -	\$ -	\$ -	\$ -	\$ 113,700	\$ 298,052	
Advertising production	151,869	-	-	1,000	16,152	-	147,521	316,542	383,282	-	-	-	699,824	448,535	
Market research	-	-	-	-	-	-	1,527,477	1,527,477	-	-	-	-	1,527,477	1,424,402	
Advertising placement	1,184	-	18,064	310	-	-	214,478	234,036	15,600	-	-	-	249,936	442,884	
Collateral and promotional materials	130,000	-	-	-	-	-	10,000	152,255	-	-	-	-	152,255	268,708	
Marketing contracts	25,600	-	503	-	-	-	26,103	28,103	-	-	-	-	28,103	138,016	
Sales trips and bid presentations	95,324	-	-	169,656	-	-	65,737	349,530	-	-	-	-	349,895	896,237	
Client development	31,372	-	18,970	-	-	-	15,722	66,064	-	-	-	-	242,889	896,237	
Site visits	118,314	-	31,535	-	-	-	-	147,849	-	-	-	-	302,374	896,237	
Trade shows	146,628	-	-	-	125,200	-	-	271,828	42,150	-	-	-	211,628	696,073	
Convention and event requirements	-	-	-	-	-	-	-	-	-	-	-	-	42,150	74,662	
Special programs	-	-	-	-	-	-	-	-	441,032	-	-	-	441,032	441,032	
<i>Total direct promotional expenses</i>	<i>789,132</i>	<i>-</i>	<i>100,342</i>	<i>170,966</i>	<i>16,152</i>	<i>125,200</i>	<i>2,083,582</i>	<i>3,205,384</i>	<i>441,032</i>	<i>335</i>	<i>-</i>	<i>-</i>	<i>3,646,751</i>	<i>5,318,832</i>	
PERSONNEL EXPENSES	2,135,312	25,625	754,585	213,726	719,413	173,851	1,207,443	5,228,955	289,662	20,154	-	-	5,543,771	6,343,710	
Salaries and incentives	1,880	-	17,736	-	-	-	1,375	20,991	4,272	-	-	-	25,263	50,757	
Part-time wages	25,967	501	9,647	3,731	3,079	2,041	8,002	52,968	4,740	345	-	-	58,053	394,652	
Payroll taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	10,195	
Placement fees	372,263	2,633	162,704	13,431	94,755	88,991	226,801	962,578	30,134	1,084	-	-	993,796	1,010,774	
Employee group insurance	229,480	5,360	75,465	7,059	67,702	16,563	124,325	526,344	19,200	2,015	-	-	547,559	602,617	
Retirement plan contributions	2,765,902	34,119	1,020,137	237,947	884,949	281,838	1,567,946	6,792,836	352,009	23,598	-	-	7,188,442	8,412,705	
<i>Total personnel expenses</i>	<i>39,878</i>	<i>4,039</i>	<i>13,972</i>	<i>6,206</i>	<i>12,294</i>	<i>4,098</i>	<i>17,085</i>	<i>97,572</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>97,572</i>	<i>98,963</i>	
Telephone	6,112	619	2,142	951	1,894	628	2,619	14,955	-	-	-	-	14,955	28,695	
Postage	6,248	633	1,189	972	1,927	642	2,677	15,268	-	-	-	-	15,268	63,986	
Office supplies	3,397	344	1,180	529	1,047	349	1,455	8,311	-	300	-	-	8,311	6,582	
Repairs and maintenance	74,704	7,567	26,175	11,625	23,031	7,077	32,005	182,784	-	-	-	-	182,784	200,162	
Office and equipment rent	19,867	2,025	7,003	3,110	6,162	2,054	8,583	46,304	-	-	-	-	46,304	51,348	
Insurance - office coverage	150,326	15,227	52,871	23,383	46,345	15,448	64,401	367,814	-	300	-	-	368,114	449,776	
<i>Total office expenses</i>	<i>78,251</i>	<i>7,927</i>	<i>27,417</i>	<i>12,177</i>	<i>24,124</i>	<i>8,041</i>	<i>33,525</i>	<i>191,462</i>	<i>427</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>191,889</i>	<i>197,537</i>	
OTHER EXPENSES	38,165	3,866	13,372	5,939	11,766	3,922	16,351	93,381	555	555	-	-	93,936	75,345	
Professional fees	24,844	2,517	8,477	3,886	7,659	2,553	10,644	60,788	840	79	-	-	61,657	65,135	
Civic involvement	24,052	2,436	5,821	3,743	7,416	2,472	10,305	58,851	1,194	2,487	-	-	62,332	76,503	
Mileage	31,235	1,683	5,821	2,565	5,121	1,707	7,117	55,269	352	129	-	-	55,750	143,262	
Membership dues and subscriptions	182,532	18,490	63,955	28,405	56,273	16,758	78,202	446,615	-	-	-	-	446,615	501,447	
Human resource development	9,200	532	3,223	1,431	2,837	946	3,941	22,510	440	375	-	-	23,325	87,149	
Depreciation and amortization	-	-	-	-	479,000	-	3,941	479,000	-	-	-	-	479,000	510,235	
Miscellaneous	-	-	-	-	269,095	-	-	269,095	-	-	-	-	-	-	
Noncash rent and parking	-	-	-	-	863,292	38,599	-	1,676,912	3,253	3,575	-	(269,096)	1,414,704	1,656,613	
Intercompany grants	386,279	37,851	130,920	561,446	663,292	863,292	1,603,085	1,676,912	3,253	3,575	(269,096)	1,414,704	1,656,613		
<i>Total other expenses</i>	<i>87,197</i>	<i>87,197</i>	<i>1,304,070</i>	<i>449,452</i>	<i>1,810,738</i>	<i>460,883</i>	<i>3,875,027</i>	<i>12,043,006</i>	<i>786,293</i>	<i>27,868</i>	<i>\$</i>	<i>\$</i>	<i>12,598,011</i>	<i>\$</i>	
Total expenses	\$ 4,013,639	\$ 87,197	\$ 1,304,070	\$ 449,452	\$ 1,810,738	\$ 460,883	\$ 3,875,027	\$ 12,043,006	\$ 786,293	\$ 27,868	\$	\$	\$ 12,598,011	\$ 15,837,936	

See notes to consolidating financial statements.

VISIT INDY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	VISIT INDY	TOURISM TOMORROW INDY	ELIMINATIONS	CONSOLIDATED TOTALS	
				2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from organizations and others	\$ 14,566,172	\$ 529,308	\$ (269,096)	\$ 14,826,384	\$ 15,249,543
Cash paid to suppliers and employees	(12,327,575)	(870,272)	269,096	(12,928,751)	(14,595,270)
Investment income received	201,812	14	-	201,826	141,633
Other income received	74,504	68,775	-	143,279	196,275
	<u>2,514,913</u>	<u>(272,175)</u>	<u>-</u>	<u>2,242,738</u>	<u>992,181</u>
<i>Net cash and cash equivalents provided by (used in) operating activities</i>					
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property and equipment	(138,557)	-	-	(138,557)	(231,224)
Purchases of investments	(471,781)	-	-	(471,781)	(1,771,004)
Proceeds from investments	607,655	-	-	607,655	1,563,972
	<u>(2,683)</u>	<u>-</u>	<u>-</u>	<u>(2,683)</u>	<u>(438,256)</u>
<i>Net cash and cash equivalents used in investing activities</i>					
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,512,230	(272,175)	-	2,240,055	553,925
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,458,679</u>	<u>1,129,752</u>	<u>-</u>	<u>4,588,431</u>	<u>4,034,506</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,970,909</u>	<u>\$ 857,577</u>	<u>\$ -</u>	<u>\$ 6,828,486</u>	<u>\$ 4,588,431</u>

VISIT INDY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF CASH FLOWS, CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

Page 2 of 2

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

	VISIT INDY	TOURISM TOMORROW INDY	ELIMINATIONS	CONSOLIDATED TOTALS	
				2020	2019
CHANGE IN NET ASSETS	\$ 3,563,417	\$ (56,029)	\$ -	\$ 3,507,388	\$ 1,726,493
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Depreciation and amortization	446,615	-	-	446,615	501,447
Unrealized gain on investments	(593,548)	-	-	(593,548)	(730,527)
Realized gain on investments	(78,302)	-	-	(78,302)	(246,747)
<i>(Increase) decrease in operating assets</i>					
Accounts receivable					
Partnership dues	(13,777)	-	-	(13,777)	2,852
Intercompany, net	43,960	(12,734)	(31,226)	-	-
Convention and event, net	461,183	-	-	461,183	(146,373)
Other, net	27,733	96,511	-	124,244	(48,557)
Grants receivable	119,099	-	-	119,099	(76,004)
Prepayments and other	(80,848)	685	-	(80,163)	(47,173)
<i>Increase (decrease) in operating liabilities</i>					
Accounts payable					
Trade	(504,262)	18,804	-	(485,458)	(180,010)
Related parties	(43,013)	(1,468)	-	(44,481)	(15,060)
Intercompany, net	12,734	(43,960)	31,226	-	-
Other accruals	(785,387)	(20,232)	-	(805,619)	84,589
Deferred revenue					
Partnership dues	(54,191)	-	-	(54,191)	(7,455)
Other	(6,500)	24,980	-	18,480	(37,914)
Funds held on behalf of others	-	(278,732)	-	(278,732)	212,620
<i>Total adjustments</i>	<u>(1,048,504)</u>	<u>(216,146)</u>	<u>-</u>	<u>(1,264,650)</u>	<u>(734,312)</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 2,514,913</u>	<u>\$ (272,175)</u>	<u>\$ -</u>	<u>\$ 2,242,738</u>	<u>\$ 992,181</u>

VISIT INDY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2019, 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 its subsidiary, 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
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

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, 2020 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equities		
S&P index fund	\$ 1,086,233	\$ 1,086,233
Emerging markets index fund	138,837	138,837
Mutual funds		
Value fund	596,793	596,793
Blend fund	893,273	893,273
Growth fund	1,625,372	1,625,372
Infrastructure	179,538	179,538
Fixed income mutual funds		
Intermediate-term bond	2,667,593	2,667,593
Bank loan	229,112	229,112
Large growth fund	364,217	364,217
Nontraditional bond	334,468	334,468
Total	<u>\$ 8,115,436</u>	<u>\$ 8,115,436</u>

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

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	<u>279,382</u>	<u>279,382</u>
Total	<u>\$ 7,579,460</u>	<u>\$ 7,579,460</u>

The Organization had no Level 2 or Level 3 investments at December 31, 2020 and 2019. 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 its investment portfolio of \$835,081 and \$413,497, respectively, at December 31, 2020 and 2019.

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

Grants receivable of \$31,905 and \$151,004 at December 31, 2020 and 2019, 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 are comprised of the following at December 31:

	<u>2020</u>	<u>2019</u>
Leasehold improvements, office furniture, and equipment	\$ 1,829,283	\$ 1,829,283
Computer equipment, software, and web design	<u>2,055,294</u>	<u>1,918,873</u>
	3,884,577	3,748,156
Accumulated depreciation	<u>(3,541,995)</u>	<u>(3,097,516)</u>
	<u>\$ 342,582</u>	<u>\$ 650,640</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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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, 2020 and 2019, 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 \$58,000 and \$100,000 as of December 31, 2020 and 2019, respectively, were for the Belmont White River project. 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 direct 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.

VISIT INDY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

RECOGNITION OF SUPPORT AND REVENUE, CONTINUED

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

	<u>2020</u>	<u>2019</u>
Over time	\$ 687,063	\$ 799,230
Point in time	<u>12,493,228</u>	<u>14,359,966</u>
Total	<u>\$ 13,180,291</u>	<u>\$ 15,159,196</u>

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 \$1,641,177 and \$1,722,454 in advertising production and advertising placement expense for 2020 and 2019, 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 21, 2021 which is the date the financial statements were available to be issued.

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 2020 and 2019. At December 31, 2020, the Organization had approximately 385 days of operations in its reserves.

VISIT INDY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

As discussed in Note 6, the Organization's promotional service fees were reduced in 2020 due to the pandemic. The Organization does not expect revenues to return to 2019 levels until 2024. As a result, the Organization expects to spend down its reserves in order to market the expansion of the convention center and to host a major industry show. By the end of 2024, the Organization estimates it will have 128 days in reserves.

Board designated funds can be spent upon Board approval.

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash and cash equivalents	\$ 6,828,486	\$ 4,588,431
Accounts receivable	97,398	669,048
Grants receivable	31,905	151,004
Investments	<u>8,115,436</u>	<u>7,579,460</u>
Total financial assets	<u>15,073,225</u>	<u>12,987,943</u>
Less amounts not available to be used within one year		
Executive deferred compensation plans	(384,252)	(299,621)
Funds held on behalf of others	(2,098)	(280,830)
Donor restricted assets	(58,000)	(100,000)
Board designated funds	<u>(328,000)</u>	<u>(328,000)</u>
Total amounts not available to be used in one year	<u>(772,350)</u>	<u>(1,008,451)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 14,300,875</u>	<u>\$ 11,979,492</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, 2020 and 2019, the Organization had balances in excess of federally insured limits of approximately \$6,132,000 and \$3,771,000, respectively.

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

4. INVESTMENTS

Cost and fair values at December 31, 2020 are as follows:

	<u>Cost</u>	<u>Cumulative Unrealized Gain</u>	<u>Market Value</u>
Equities	\$ 944,039	\$ 471,151	\$ 1,415,190
Mutual funds	2,347,886	756,977	3,104,863
Fixed income	3,392,791	202,592	3,595,383
	<u>\$ 6,684,716</u>	<u>\$ 1,430,720</u>	<u>\$ 8,115,436</u>

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>

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

	<u>2020</u>	<u>2019</u>
Interest income	\$ 1,219	\$ 76
Dividend income	270,682	213,217
Realized gain	78,302	246,747
Investment consulting fees	(70,075)	(71,660)
Unrealized gain	593,548	730,527
	<u>\$ 873,676</u>	<u>\$ 1,118,907</u>

5. 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 \$42,000 and \$66,112 in expenditures on behalf of the Project during 2020 and 2019, respectively. At December 31, 2020 and 2019, the balance of funds held on behalf of the Project was \$2,098. These funds are kept in a separate bank account.

5. FUNDS HELD ON BEHALF OF OTHERS, CONTINUED

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, 2020, the balance of funds held on behalf of the Conference was \$278,732. These funds were kept in a separate bank account. The remainder of the funds were expended in 2020.

6. CAPITAL IMPROVEMENTS 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 75% and 76% of Visit Indy's total revenue in 2020 and 2019, respectively, and have been presented in the statement of activities as promotional service fees. Due to the pandemic, the CIB reduced Visit Indy's 2020 contract from \$13,449,831 down to \$11,656,519. Visit Indy's contract with the CIB extends through December 31, 2021 and the contract was further reduced to \$10,759,864 of promotional service fees. Visit Indy expects to renew the contract annually.

7. 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 2020 and 2019, the Organization contributed \$547,559 and \$602,617, respectively, to the plan.

In addition, Visit Indy has a liability totaling \$530,096 and \$446,214 at December 31, 2020 and 2019, respectively, included in other accruals on the consolidating statements of financial position for post employment benefits for current and retired key employees.

During 2020, certain employees elected early retirement. At December 31, 2020, the Organization had an accrued liability relating to these early retirements of \$258,642.

8. CONTRIBUTED GOODS AND USE OF FACILITIES

During 2020 and 2019, the Organization received contributed goods and use of facilities. The fair market value of these goods and facilities of \$668,237 and \$900,302 for 2020 and 2019, respectively, has been reflected in the accompanying consolidating financial statements, which includes \$479,000 and \$510,235 for office rent and parking for 2020 and 2019, 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.

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

9. **RELATED PARTY TRANSACTIONS**

At December 31, 2020 and 2019, the Organization had \$44,985 and \$89,466 owed to companies related to members of the Board of Directors. The Organization paid companies related to members of the Board of Directors \$96,683 and \$160,348 for insurance, legal, and other services during 2020 and 2019, respectively. The Board members affected did not vote to approve these transactions.

10. **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 2020 and 2019.

Visit Indy leases advertisement space which is payable annually. Total annual lease expense for 2020 and 2019 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. The lease ended May 2019 and was not renewed.

11. **COMMITMENTS**

As of December 31, 2020, Visit Indy has committed to spend \$1,056,333 on future conventions to be held from 2021 through 2028. The expense is recognized in the year the convention event takes place.

Minimum commitments for future conventions are as follows:

	Future Convention Commitments	Projected Income	Net Future Commitment
2021	\$ 337,551	\$ (111,636)	\$ 225,915
2022	272,581	(36,250)	236,331
2023	86,948	-	86,948
2024	122,663	(84,140)	38,523
2025	43,500	-	43,500
Thereafter	193,090	-	193,090
	<u>\$ 1,056,333</u>	<u>\$ (232,026)</u>	<u>\$ 824,307</u>

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 \$130,000 and \$150,000 in 2020 and 2019, respectively.

VISIT INDY, INC. AND SUBSIDIARY
 NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

12. 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	\$ 40,000	\$ 40,000	State and Local Government
State Market Research	Indiana Office of Tourism Development	N/A	190,187	190,187	State and Local Government
Services	Capital Improvement Board of Managers of Marion County	N/A	11,656,519	11,656,519	State and Local Government
You've Earned It	City of Indianapolis	N/A	989,831	889,931	State and Local Government
ACDMO Cares Grant	State of Indiana	N/A	49,061	49,061	State and Local Government
Winter Grant	City of Indianapolis and Marion County	21.019	438,048	353,781	Federal grant passed through state or local government
Total funding			\$ 13,363,646	\$ 13,179,479	

13. RISKS AND UNCERTAINTIES

In 2020, the COVID-19 pandemic resulted in a statewide stay at home order. In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). These funds can be used for costs related to payroll, employee health care, rent, and utilities. In May 2020, TTI received \$28,700 from a financial institution under the PPP. The interest rate was 1%, the loan term was five years which was set to begin after the lender made a determination on forgiveness or 10 months after the 24-week expenditure period. To the extent the funds are used for qualifying expenses under the program, the Organization may apply for loan forgiveness for which the Organization expects to receive 100% forgiveness. Since the loan is expected to be forgiven, the Organization has elected to account for the loan as a conditional grant in accordance with FASB ASC 958-605. As such the loan is presented as a liability in the statements of financial position. When the Organization meets the conditions of forgiveness, the loan will be recognized as grant income. Subsequent to year end, Visit Indy applied for and received a PPP1 and PPP2 loan of \$864,000 and \$1,440,785, respectively. Visit Indy also received approximately \$283,000 in payroll tax credits from the CARES Act in 2020 which were used to offset payroll tax expense on the statement of activities. Subsequent to year end, Visit Indy received an additional \$156,479 in payroll tax credits.

13. RISKS AND UNCERTAINTIES, CONTINUED

As discussed in Note 6, the Organization experienced a significant reduction in revenue in 2020 and that reduction has continued into 2021. The Organization has curtailed expenses and 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.