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STATE BOARD OF ACCOUNTS  
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March 3, 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, 2021 to December 31, 2021. 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, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on pages 28 and 29. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 30.

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

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VISIT INDY, INC. AND SUBSIDIARY  
(TOURISM TOMORROW, INC.  
D/B/A TOURISM TOMORROW INDY)  
CONSOLIDATING FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
DECEMBER 31, 2021 AND 2020

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Visit Indy, Inc. and Subsidiary:

### *Report on the Audit of the Consolidating Financial Statements*

#### **Opinion**

We have audited the 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, 2021, 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.

In our opinion, the accompanying consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of the Organization as of December 31, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources* established by the Indiana State Board of Accounts, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Consolidating Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidating financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidating financial statements are available to be issued.

## **Auditors' Responsibility for the Audit of the Consolidating Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and *Government 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidating financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating 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 consolidating 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 consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise a 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.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2020 consolidating financial statements, and we expressed an unmodified audit opinion on those audited consolidating financial statements in our report dated April 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidating financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Greenwald CPAs, Inc.*

April 13, 2022

VISIT INDY, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021  
WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2020

	VISIT INDY	TOURISM TOMORROW INDY	ELIMINATIONS	CONSOLIDATED TOTALS	
				2021	2020
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 9,692,027	\$ 662,800	\$ -	\$ 10,354,827	\$ 6,828,486
Accounts receivable					
Partnership dues	5,814	-	-	5,814	24,867
Intercompany, net	-	6,139	(6,139)	-	-
Convention and event, less allowance for doubtful accounts of \$1,500 for 2021 and 2020	351,723	-	-	351,723	12,755
Other, less total allowance for doubtful accounts of \$10,000 and \$3,000 for 2021 and 2020, respectively	337,290	25,468	-	362,758	59,776
Grants receivable	751,287	-	-	751,287	31,905
Prepayments and other	281,578	1,620	-	283,198	244,416
<i>Total current assets</i>	11,419,719	696,027	(6,139)	12,109,607	7,202,205
<b>PROPERTY AND EQUIPMENT, NET</b>	134,900	-	-	134,900	342,582
<b>INVESTMENTS</b>	9,427,271	-	-	9,427,271	8,115,436
<i>Total assets</i>	<u>\$ 20,981,890</u>	<u>\$ 696,027</u>	<u>\$ (6,139)</u>	<u>\$ 21,671,778</u>	<u>\$ 15,660,223</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable					
Trade	\$ 669,168	\$ 31,574	\$ -	\$ 700,742	\$ 270,392
Related parties	134,315	359	-	134,674	44,985
Intercompany, net	6,139	-	(6,139)	-	-
Other accruals	3,535,175	44,328	-	3,579,503	1,477,592
Deferred revenue					
Partnership dues	126,924	-	-	126,924	121,533
Other	45,000	68,150	-	113,150	66,869
Refundable advance of PPP funds	2,304,785	-	-	2,304,785	28,700
Funds held on behalf of others	-	-	-	-	2,098
<i>Total current liabilities</i>	6,821,506	144,411	(6,139)	6,959,778	2,012,169
<b>COMMITMENTS (NOTES 10 AND 11)</b>					
<b>NET ASSETS</b>					
Without donor restrictions	14,160,384	551,616	-	14,712,000	13,590,054
With donor restriction	-	-	-	-	58,000
<i>Total net assets</i>	14,160,384	551,616	-	14,712,000	13,648,054
<i>Total liabilities and net assets</i>	<u>\$ 20,981,890</u>	<u>\$ 696,027</u>	<u>\$ (6,139)</u>	<u>\$ 21,671,778</u>	<u>\$ 15,660,223</u>

**VISIT INDY, INC. AND SUBSIDIARY**

CONSOLIDATING STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

	VISIT INDY		TOURISM TOMORROW INDY			CONSOLIDATED TOTALS	
	WITHOUT DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	ELIMINATIONS	2021	2020
<b>REVENUE</b>							
Promotional service fees	\$ 10,759,865	\$ -	\$ -	\$ -	\$ -	\$ 10,759,865	\$ 11,656,519
Marketing campaign	115,000	-	-	-	-	115,000	170,000
Partnership dues	657,924	-	-	-	-	657,924	687,063
Subscription and advertising	42,008	-	-	-	-	42,008	103,333
Housing delegate	402,965	-	-	-	-	402,965	122,638
Convention and event	60,000	-	-	-	-	60,000	-
Programs	38,888	-	-	-	-	38,888	107,272
State research	-	149,021	-	149,021	-	149,021	190,187
Sponsorships and other grants	1,277,500	-	-	-	-	1,277,500	1,343,195
Special programs	-	40,000	-	40,000	-	40,000	40,000
Intercompany grants	-	397,454	-	397,454	(397,454)	-	-
Investment income, net	871,467	-	-	-	-	871,467	873,676
Other	215,310	98,980	-	98,980	-	314,290	432,822
Contributed goods and facilities	958,851	-	-	-	-	958,851	668,237
Net assets released from restriction	-	58,000	(58,000)	-	-	-	-
<i>Total revenue</i>	<u>15,399,778</u>	<u>743,455</u>	<u>(58,000)</u>	<u>685,455</u>	<u>(397,454)</u>	<u>15,687,779</u>	<u>16,394,942</u>
<b>EXPENSES</b>							
Convention sales	5,519,925	-	-	-	-	5,519,925	4,303,181
Tourism development	44,107	-	-	-	-	44,107	87,196
Convention services	1,335,046	-	-	-	-	1,335,046	1,304,071
Partnership development	479,825	-	-	-	-	479,825	490,453
Administration	2,125,915	-	-	-	(397,454)	1,728,461	1,541,642
Housing	465,484	-	-	-	-	465,484	460,883
Marketing and communications	4,181,715	-	-	-	-	4,181,715	3,876,027
Destination development	-	832,345	-	832,345	-	832,345	796,293
Music Crossroads	-	36,925	-	36,925	-	36,925	27,808
<i>Total expenses</i>	<u>14,152,017</u>	<u>869,270</u>	<u>-</u>	<u>869,270</u>	<u>(397,454)</u>	<u>14,623,833</u>	<u>12,887,554</u>
<b>CHANGE IN NET ASSETS</b>	1,247,761	(125,815)	(58,000)	(183,815)	-	1,063,946	3,507,388
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>12,912,623</u>	<u>677,431</u>	<u>58,000</u>	<u>735,431</u>	<u>-</u>	<u>13,648,054</u>	<u>10,140,666</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 14,160,384</u>	<u>\$ 551,616</u>	<u>\$ -</u>	<u>\$ 551,616</u>	<u>\$ -</u>	<u>\$ 14,712,000</u>	<u>\$ 13,648,054</u>

See notes to consolidating financial statements.

VISIT INDY, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

	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	2021	2020
<b>DIRECT PROMOTIONAL EXPENSES</b>														
Advertising production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,146	\$ 39,146	\$ -	\$ -	\$ -	\$ -	\$ 39,146	\$ 64,497
Market research	156,980	-	-	1,863	20,172	-	63,360	242,375	307,913	-	307,913	-	550,288	699,824
Advertising placement	-	-	-	-	-	-	1,895,578	1,895,578	-	-	-	-	1,895,578	1,557,763
Collateral and promotional materials	1,109	-	113,271	-	-	-	441,480	555,860	-	-	-	-	555,860	249,636
Marketing contracts	120,000	-	49,857	-	-	-	18,170	188,027	-	-	-	-	188,027	152,255
Sales trips and bid presentations	73,543	-	-	-	-	-	1,593	75,136	-	2,089	2,089	-	77,225	33,977
Client development	658,716	-	44,829	95,667	-	-	58,593	857,805	-	2,528	2,528	-	860,333	360,908
Site visits	119,622	-	40,695	-	-	-	23,896	184,213	-	-	-	-	184,213	66,064
Trade shows	216,704	-	14,648	-	-	-	-	231,352	-	-	-	-	231,352	147,849
Convention and event requirements	171,885	-	-	-	-	170,520	-	342,405	-	-	-	-	342,405	271,828
Special programs	-	-	-	-	-	-	-	-	58,000	-	58,000	-	58,000	42,150
<i>Total direct promotional expenses</i>	<u>1,518,559</u>	<u>-</u>	<u>263,300</u>	<u>97,530</u>	<u>20,172</u>	<u>170,520</u>	<u>2,541,816</u>	<u>4,611,897</u>	<u>365,913</u>	<u>4,617</u>	<u>370,530</u>	<u>-</u>	<u>4,982,427</u>	<u>3,646,751</u>
<b>PERSONNEL EXPENSES</b>														
Salaries and incentives	2,747,691	32,350	677,462	317,990	741,497	146,395	1,073,801	5,737,186	340,856	23,310	364,166	-	6,101,352	5,543,771
Part-time wages	-	-	689	-	-	-	3,120	3,809	5,729	-	5,729	-	9,538	25,263
Payroll taxes	177,605	1,814	49,908	24,896	47,588	14,792	72,556	389,159	21,189	1,465	22,654	-	411,813	347,596
Employee group insurance	348,830	3,308	111,262	12,206	110,287	59,504	155,215	800,612	27,593	1,347	28,940	-	829,552	993,796
Retirement plan contributions	283,293	4,590	67,077	7,302	74,588	14,458	111,119	562,427	34,090	2,229	36,319	-	598,746	547,559
<i>Total personnel expenses</i>	<u>3,557,419</u>	<u>42,062</u>	<u>906,398</u>	<u>362,394</u>	<u>973,960</u>	<u>235,149</u>	<u>1,415,811</u>	<u>7,493,193</u>	<u>429,457</u>	<u>28,351</u>	<u>457,808</u>	<u>-</u>	<u>7,951,001</u>	<u>7,457,985</u>
<b>OFFICE EXPENSES</b>														
Telephone	35,997	174	14,060	1,692	15,414	5,086	19,055	91,478	-	-	-	-	91,478	97,572
Postage	1,907	9	745	90	816	269	1,009	4,845	-	-	-	-	4,845	14,955
Office supplies	14,467	70	5,651	680	6,195	2,044	7,658	36,765	-	-	-	-	36,765	15,588
Repairs and maintenance	2,638	13	1,031	124	1,129	373	1,397	6,705	-	-	-	-	6,705	8,311
Office and equipment rent	44,182	213	17,257	2,077	18,920	6,243	23,388	112,280	-	-	-	-	112,280	182,784
Insurance - office coverage	20,416	99	7,974	960	8,742	2,885	10,807	51,883	-	-	-	-	51,883	48,904
<i>Total office expenses</i>	<u>119,607</u>	<u>578</u>	<u>46,718</u>	<u>5,623</u>	<u>51,216</u>	<u>16,900</u>	<u>63,314</u>	<u>303,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,956</u>	<u>368,114</u>
<b>OTHER EXPENSES</b>														
Professional fees	74,500	360	29,099	3,503	31,900	10,527	39,437	189,326	259	-	259	-	189,585	192,592
Civic involvement	47,601	230	18,593	2,238	20,383	6,726	25,198	120,969	-	824	824	-	121,793	107,958
Mileage	22,684	110	8,860	1,066	9,715	3,205	12,008	57,648	-	56	56	-	57,704	61,657
Membership dues and subscriptions	28,747	139	11,228	1,351	12,310	4,062	15,217	73,054	1,390	2,818	4,208	-	77,262	62,532
Human resource development	46,595	125	10,145	1,221	11,122	3,670	13,749	86,627	-	259	259	-	86,886	55,750
Depreciation and amortization	96,775	467	37,800	4,550	41,441	13,674	51,228	245,935	-	-	-	-	245,935	446,615
Miscellaneous	7,438	36	2,905	349	3,186	1,051	3,937	18,902	35,326	-	35,326	-	54,228	8,600
Noncash rent and parking	-	-	-	-	553,056	-	-	553,056	-	-	-	-	553,056	479,000
Intercompany grants	-	-	-	-	397,454	-	-	397,454	-	-	-	(397,454)	-	-
<i>Total other expenses</i>	<u>324,340</u>	<u>1,467</u>	<u>118,630</u>	<u>14,278</u>	<u>1,080,567</u>	<u>42,915</u>	<u>160,774</u>	<u>1,742,971</u>	<u>36,975</u>	<u>3,957</u>	<u>40,932</u>	<u>(397,454)</u>	<u>1,386,449</u>	<u>1,414,704</u>
<i>Total expenses</i>	<u>\$ 5,519,925</u>	<u>\$ 44,107</u>	<u>\$ 1,335,046</u>	<u>\$ 479,825</u>	<u>\$ 2,125,915</u>	<u>\$ 465,484</u>	<u>\$ 4,181,715</u>	<u>\$ 14,152,017</u>	<u>\$ 832,345</u>	<u>\$ 36,925</u>	<u>\$ 869,270</u>	<u>\$ (397,454)</u>	<u>\$ 14,623,833</u>	<u>\$ 12,887,554</u>

VISIT INDY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

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**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	VISIT INDY	TOURISM TOMORROW INDY	ELIMINATIONS	CONSOLIDATED TOTALS	
				2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from organizations and others	\$ 12,035,016	\$ 581,923	\$ (397,454)	\$ 12,219,485	\$ 14,797,684
Cash received from PPP	2,304,785	-	-	2,304,785	28,700
Cash paid to suppliers and employees	(10,355,372)	(875,680)	397,454	(10,833,598)	(13,218,294)
Investment income received	273,767	-	-	273,767	201,826
Other income received	215,310	98,980	-	314,290	432,822
	<u>4,473,506</u>	<u>(194,777)</u>	<u>-</u>	<u>4,278,729</u>	<u>2,242,738</u>
<i>Net cash and cash equivalents provided by (used in) operating activities</i>					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of property and equipment	(38,253)	-	-	(38,253)	(138,557)
Purchases of investments	(2,189,778)	-	-	(2,189,778)	(471,781)
Proceeds from investments	1,475,643	-	-	1,475,643	607,655
	<u>(752,388)</u>	<u>-</u>	<u>-</u>	<u>(752,388)</u>	<u>(2,683)</u>
<i>Net cash and cash equivalents used in investing activities</i>					
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,721,118	(194,777)	-	3,526,341	2,240,055
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,970,909</u>	<u>857,577</u>	<u>-</u>	<u>6,828,486</u>	<u>4,588,431</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 9,692,027</u>	<u>\$ 662,800</u>	<u>\$ -</u>	<u>\$ 10,354,827</u>	<u>\$ 6,828,486</u>

VISIT INDY, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF CASH FLOWS, CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2021

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

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

	VISIT INDY	TOURISM TOMORROW INDY	ELIMINATIONS	CONSOLIDATED TOTALS	
				2021	2020
<b>CHANGE IN NET ASSETS</b>	\$ 1,247,761	\$ (183,815)	\$ -	\$ 1,063,946	\$ 3,507,388
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>					
Depreciation and amortization	245,935	-	-	245,935	446,615
Unrealized gain on investments	(298,215)	-	-	(298,215)	(593,548)
Realized gain on investments	(299,485)	-	-	(299,485)	(78,302)
<i>(Increase) decrease in operating assets</i>					
Accounts receivable					
Partnership dues	19,053	-	-	19,053	(13,777)
Intercompany, net	-	6,595	(6,595)	-	-
Convention and event, net	(338,968)	-	-	(338,968)	461,183
Other, net	(321,352)	18,370	-	(302,982)	124,244
Grants receivable	(719,382)	-	-	(719,382)	119,099
Prepayments and other	(37,237)	(1,545)	-	(38,782)	(80,163)
<i>Increase (decrease) in operating liabilities</i>					
Accounts payable					
Trade	479,873	(49,523)	-	430,350	(485,458)
Related parties	89,359	330	-	89,689	(44,481)
Intercompany, net	(6,595)	-	6,595	-	-
Other accruals	2,057,583	44,328	-	2,101,911	(805,619)
Deferred revenue					
Partnership dues	5,391	-	-	5,391	(54,191)
Other	45,000	1,281	-	46,281	18,480
Refundable advance of PPP funds	2,304,785	(28,700)	-	2,276,085	28,700
Funds held on behalf of others	-	(2,098)	-	(2,098)	(307,432)
<i>Total adjustments</i>	3,225,745	(10,962)	-	3,214,783	(1,264,650)
<b>NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 4,473,506</u>	<u>\$ (194,777)</u>	<u>\$ -</u>	<u>\$ 4,278,729</u>	<u>\$ 2,242,738</u>

# VISIT INDY, INC. AND SUBSIDIARY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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### 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. Routes was dissolved in 2021.

#### 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 (GAAP) 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. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the consolidating financial statements for the year ended December 31, 2020, 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 FINANCIAL STATEMENTS  
 DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurement define 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, 2021 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equities		
S&P index fund	\$ 1,168,135	\$ 1,168,135
Emerging markets index fund	219,239	219,239
Mutual funds		
Value fund	794,932	794,932
Blend fund	862,809	862,809
Growth fund	1,885,403	1,885,403
Fixed income mutual funds		
Intermediate-term bond	3,345,642	3,345,642
Bank loan	254,857	254,857
Large growth fund	461,083	461,083
Nontraditional bond	435,171	435,171
Total	<u>\$ 9,427,271</u>	<u>\$ 9,427,271</u>

VISIT INDY, INC. AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

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	<u>334,468</u>	<u>334,468</u>
Total	<u>\$ 8,115,436</u>	<u>\$ 8,115,436</u>

The Organization had no Level 2 or Level 3 investments at December 31, 2021 and 2020. 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 \$474,023 and \$835,081, respectively, at December 31, 2021 and 2020.

# VISIT INDY, INC. AND SUBSIDIARY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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### 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 \$751,287 and \$31,905 at December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Leasehold improvements, office furniture, and equipment	\$ 1,856,222	\$ 1,829,283
Computer equipment, software, and web design	<u>2,066,609</u>	<u>2,055,294</u>
	3,922,831	3,884,577
Accumulated depreciation and amortization	<u>(3,787,931)</u>	<u>(3,541,995)</u>
	<u>\$ 134,900</u>	<u>\$ 342,582</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, 2021 and 2020, 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. There were no net assets with donor restrictions as of December 31, 2021. Net assets with donor restrictions of \$58,000 as of December 31, 2020, 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 FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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### 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>2021</u>	<u>2020</u>
Over time	\$ 657,924	\$ 687,063
Point in time	<u>11,882,037</u>	<u>12,782,771</u>
Total	<u>\$ 12,539,961</u>	<u>\$ 13,469,834</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 \$1,934,724 and \$1,622,260 in advertising production and advertising placement expense for 2021 and 2020, 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 13, 2022, which is the date the financial statements were available to be issued. See Note 13.

### 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 2021 and 2020. At December 31, 2021, the Organization had approximately 367 days of operations in its unrestricted, undesignated reserves.

VISIT INDY, INC. AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021 AND 2020

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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 2023/2024. As a result, the Organization expects to spend down its reserves in order to return marketing sales efforts to prior levels, 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 120 days in reserves.

Board designated funds can be spent upon Board approval.

	<u>2021</u>	<u>2020</u>
Financial assets at year end		
Cash and cash equivalents	\$ 10,354,827	\$ 6,828,486
Accounts receivable	720,295	97,398
Grants receivable	751,287	31,905
Investments	<u>9,427,271</u>	<u>8,115,436</u>
Total financial assets	<u>21,253,680</u>	<u>15,073,225</u>
Less amounts not available to be used within one year		
Executive deferred compensation plans	(469,110)	(384,252)
Funds held on behalf of others	-	(2,098)
Donor restricted assets	-	(58,000)
Board designated funds	<u>(328,000)</u>	<u>(328,000)</u>
Total amounts not available to be used in one year	<u>(797,110)</u>	<u>(772,350)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 20,456,570</u>	<u>\$ 14,300,875</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, 2021 and 2020, the Organization had balances in excess of federally insured limits of approximately \$9,192,000 and \$6,132,000, respectively.

VISIT INDY, INC. AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021 AND 2020

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4. INVESTMENTS

Cost and fair values at December 31, 2021 are as follows:

	<u>Cost</u>	<u>Cumulative Unrealized Gain</u>	<u>Market Value</u>
Equities	\$ 952,262	\$ 673,158	\$ 1,625,420
Mutual funds	2,333,008	972,090	3,305,098
Fixed income	4,413,066	83,687	4,496,753
	<u>\$ 7,698,336</u>	<u>1,728,935</u>	<u>9,427,271</u>

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>

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

	<u>2021</u>	<u>2020</u>
Interest income	\$ 2,242	\$ 1,219
Dividend income	353,865	270,682
Realized gain	299,485	78,302
Investment consulting fees	(82,340)	(70,075)
Unrealized gain	298,215	593,548
	<u>\$ 871,467</u>	<u>\$ 873,676</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 in 2018. Prior to 2020, TTI had expended \$843,000 on behalf of the project. TTI expended \$58,000 and \$42,000 on behalf of the Project during 2021 and 2020, respectively. The balance was fully expended as of December 31, 2021. At December 31, 2020, the balance of funds held on behalf of the Project was \$2,098. These funds were kept in a separate bank account.

**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 68.6% and 71.1% of Visit Indy's total revenue in 2021 and 2020, 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, 2022 and the contract was further reduced to \$10,759,865 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 2021 and 2020, the Organization contributed \$598,746 and \$547,559, respectively, to the plan.

In addition, Visit Indy has a liability totaling \$607,191 and \$530,096 at December 31, 2021 and 2020, 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, 2021 and 2020, the Organization had an accrued liability relating to these early retirements of \$63,114 and \$258,642, respectively.

**8. CONTRIBUTED GOODS AND USE OF FACILITIES**

During 2021 and 2020, the Organization received contributed goods and use of facilities. The fair market value of these goods and facilities of \$958,851 and \$668,237 for 2021 and 2020, respectively, has been reflected in the accompanying consolidating financial statements, which includes \$553,056 and \$479,000 for office rent and parking for 2021 and 2020, 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.

**9. RELATED PARTY TRANSACTIONS**

At December 31, 2021 and 2020, the Organization had \$134,674 and \$44,985 owed to companies related to members of the Board of Directors. The Organization paid companies related to members of the Board of Directors \$188,889 and \$96,683 for insurance, legal, and other services during 2021 and 2020, respectively. The Board members affected did not vote to approve these transactions.

VISIT INDY, INC. AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021 AND 2020

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10. OPERATING LEASES

Visit Indy had an office equipment operating lease which was payable on a month-to-month basis. This lease was terminated in May 2021. Total equipment rent was \$7,555 and \$18,132 for 2021 and 2020, respectively.

Visit Indy leased advertisement space which was payable annually. Total annual lease expense for 2020 was \$1,500. The lease was terminated in 2020.

During 2021, the Organization signed a lease for office equipment; however, the office equipment was not physically received in 2021 and no lease payments were made during 2021. As of the date of this report, the expected physical receipt of the equipment is unknown.

11. COMMITMENTS

As of December 30, 2021, Visit Indy has committed to spend \$2,119,937 on future conventions to be held from 2022 through 2027. The expense is recognized in the year the convention event takes place.

Minimum commitments for future conventions are as follows:

	<u>Future Convention Commitments</u>	<u>Projected Income</u>	<u>Net Future Commitment</u>
2022	\$ 507,498	\$ (213,102)	\$ 294,396
2023	314,223	(138,000)	176,223
2024	301,038	(84,140)	216,898
2025	256,435	(110,560)	145,875
2026	276,875	-	276,875
2027	463,868	(393,712)	70,156
	<u>\$ 2,119,937</u>	<u>\$ (939,514)</u>	<u>\$ 1,180,423</u>

In addition, Visit Indy has a cancellable contract with the Indiana Sports Corporation (ISC) that provides for an annual payment up to \$150,000 to ISC to promote sporting events in the City of Indianapolis. Visit Indy paid ISC \$120,000 and \$130,000 in 2021 and 2020, respectively.

**VISIT INDY, INC. AND SUBSIDIARY**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

**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	Assistance Listing Number	Revenue	Expense	Funding Type
Film Indy	City of Indianapolis	N/A	\$ 40,000	\$ -	State and Local Government
State Market Research	Indiana Office of Tourism Development	N/A	149,021	149,021	State and Local Government
Services	Capital Improvement Board of Managers of Marion County	N/A	10,759,865	10,759,865	State and Local Government
Coronavirus State & Local Fiscal Recovery Funds	City of Indianapolis	21.027	1,250,000	1,250,000	Federal grant passed through state or local government
<b>Total funding</b>			<b>\$ 12,198,886</b>	<b>\$ 12,158,886</b>	

**13. RISKS AND UNCERTAINTIES**

Since early 2020, the COVID-19 pandemic has caused significant disruption across the globe, affecting a wide-array of industries, including tourism and hospitality. 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. The Organization elected to account for the loan as a conditional grant in accordance with FASB ASC 958-605. As such the loan was presented as a liability in the statements of financial position as of December 31, 2020. The Organization met the conditions of forgiveness, and the loan was recognized as grant income in 2021. During 2021, Visit Indy applied for and received PPP1 and PPP2 loans of \$864,000 and \$1,440,785, respectively. As of December 31, 2021, these amounts have not been forgiven and are appropriately recorded as a refundable advance. Subsequent to year-end, Visit Indy received forgiveness of the PPP1 loan.

Visit Indy also received approximately \$152,000 and \$290,000 in payroll tax credits from the CARES Act in 2021 and 2020, respectively, which were recorded as other revenue on the statement of activities.

**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 at this time.

**14. RECLASSIFICATIONS**

Certain items in the 2020 financial statements have been retroactively reclassified to conform to the 2021 presentation. These reclassifications had no effect on net assets at December 31, 2020.

SUPPLEMENTARY INFORMATION

VISIT INDY, INC. AND SUBSIDIARY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed through the City of Indianapolis</i>			
Coronavirus State & Local Fiscal Recovery Funds	21.027	11FG-VisitIND21-1	\$ 1,250,000
<i>Total expenditures of federal awards</i>			<u>\$ 1,250,000</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Organization has elected to use the 8-percent de minimis indirect cost rate allowed under the Uniform Guidance and approved by the City of Indianapolis.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Visit Indy, Inc. and Subsidiary:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the 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 statement of financial position as of December 31, 2021, and the related consolidating statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated April 13, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidating financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidating financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidating financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidating financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Greenwald CPAs, Inc.*

April 13, 2022



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Visit Indy, Inc. and Subsidiary:

*Report on Compliance for Each Major Federal Program*

**Opinion on Each Major Federal Program**

We have audited the compliance of Visit Indy, Inc. and Subsidiary, Tourism Tomorrow, Inc. d/b/a Tourism Tomorrow Indy, (collectively, the Organization) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America (*Government Auditing Standards*); and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws,

statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of

deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Greenwald CPAs, Inc.*

April 13, 2022

**A. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- |   |            |                      |
|---|------------|----------------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |                      |
| 2. Internal control over financial reporting:   |            |                      |
| Material weakness(es) identified?   | _____yes   | ___X___no            |
| Significant deficiency(ies) identified?   | _____yes   | ___X___none reported |
| 3. Noncompliance material to financial statements noted?  | _____yes   | ___X___no            |

**Federal Awards**

- |   |  |  |
|---|--|--|
| 4. Internal control over major federal programs:  |  |  |
| Material weakness(es) identified?   | _____yes                                   | ___X___no  |
| Significant deficiency(ies) identified?   | ___X___yes                                 | _____none reported   |
| 5. Type of auditors' report issued on compliance for major federal programs:                          | Unmodified                                 |  |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ___X___yes                                 | _____no  |
| 7. Identification of major program:   | <u>Assistance Listing Number</u><br>21.027 | <u>Name of Federal Program or Cluster</u><br>Coronavirus State & Local Fiscal Recovery Funds |
| 8. Dollar threshold used to distinguish between Type A and B programs:                                | \$   | 750,000  |
| 9. Auditee qualified as low-risk auditee?   | _____yes                                   | ___X___no  |

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

Finding 2021-001

*Identification of federal program:* U.S. DEPARTMENT OF TREASURY 21.027 Coronavirus State & Local Fiscal Recovery Funds

*Criteria:* 2 CFR 200, Subparts D and E, of the Uniform Guidance require nonfederal entities that receive federal awards to establish written policies, procedures, and standards of conduct associated with - financial management (200.302), federal payment (200.305), general procurement standards (200.318), competition (200.319), and methods of procurement to be followed (200.320).

*Condition:* The Organization does not maintain written policies and procedures specific to federal awards in compliance with 2 CFR 200, Subparts D and E.

*Cause:* 2021 was the first year that the Organization received an award subject to 2 CFR 200. The Organization did not discover that the contract was subject to 2 CFR 200 until January of 2022.

*Effect:* Internal controls surrounding allowable costs, cash management, procurement, and reporting may not prevent, or detect and correct, noncompliance with federal awards on a timely basis.

*Questioned costs:* None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT, CONTINUED

Finding 2021-001, Continued

*Recommendation:* We recommend that management implement written policies and procedures specific to federal awards in compliance with 2 CFR 200, Subparts D and E.

*Views of responsible officials and planned corrective actions:* See attached corrective action plan.



**Visit Indy  
Corrective Action Plan  
April 13, 2022**

**Grantor/Program Title:**

Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2 (March 11, 2021)  
City of Indianapolis - *Coronavirus Local Fiscal Recovery Fund, CFDA No. 21.027*

Visit Indy respectfully submits the following corrective action plan for the year ended December 31, 2022.

*Greenwalt CPAs  
5342 West Vermont Street  
Indianapolis, IN 46224*

The findings from December 31, 2022, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

**Finding 2021-001**

Criteria: 2 CFR 200, Subparts D and E, of the Uniform Guidance require nonfederal entities that receive federal awards to establish written policies, procedures, and standards of conduct associated with – financial management (200.302), federal payment (200.305), general procurement standards (200.318), competition (200.319), and methods of procurement to be followed (200.320).

Condition: The organization does not maintain written policies and procedures specific to federal award in compliance with 2 CFR 200, Subparts D and E.

**Recommendation:**

Policies required by 2 CFR 200, Subparts D and E should be implemented.

**Action Taken:**

Visit Indy has developed and implemented a Federal Funds Procurement Policy in compliance with 2 CFR 200, Subparts D and E effective April 1, 2022.

**Contact:**

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Visit Indy