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October 27, 2014

Board of Directors
Visitors Center, Inc.
506 5th Street
Columbus, IN 47201

We have reviewed the audit report prepared by Blue & Co., LLC, for the period January 1, 2011 to December 31, 2011. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Visitors Center, Inc., as of December 31, 2011, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

VISITORS CENTER, INC.

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2011 AND 2010

VISITORS CENTER, INC.

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Visitors Center, Inc.
Columbus, Indiana

We have audited the accompanying statements of financial position of Visitors Center, Inc., as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Visitors Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Visitors Center, Inc., as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 13 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blue & Co., LLC

February 20, 2012

VISITORS CENTER, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash	\$ 333,329	\$ 316,559
Inventory	73,265	92,757
Other current assets	11,889	5,476
Total current assets	<u>418,483</u>	<u>414,792</u>
Property and equipment, net	127,190	180,543
Other assets		
Restricted cash	138,828	23,855
Board-designated cash	549,150	402,549
Board-designated certificates of deposit	164,219	163,686
	<u>\$ 1,397,870</u>	<u>\$ 1,185,425</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,992	\$ 564
Grants payable	-0-	1,750
Total liabilities	<u>3,992</u>	<u>2,314</u>
Net assets		
Unrestricted net assets:		
Board-designated	713,369	566,235
Undesignated	541,681	593,021
Total unrestricted net assets	<u>1,255,050</u>	<u>1,159,256</u>
Temporarily restricted net assets	<u>138,828</u>	<u>23,855</u>
Total net assets	<u>1,393,878</u>	<u>1,183,111</u>
	<u>\$ 1,397,870</u>	<u>\$ 1,185,425</u>

See accompanying notes to financial statements.

VISITORS CENTER, INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Unrestricted net assets		
Revenues:		
Hotel/motel tax	\$ 1,022,000	\$ 1,012,729
Gift shop	166,992	127,107
Bus tours	177,843	54,968
Contribution of property, net	-0-	89,242
Donations	10,872	6,904
In-kind rent	90,300	86,400
Interest	4,996	3,085
Other	8,475	4,315
Net assets released from restrictions	123	6,608
Total revenues	1,481,601	1,391,358
Expenses:		
Promotion	670,934	626,803
Hosting	327,777	261,055
Bus tours	196,319	133,805
Administration	190,777	191,249
Total expenses	1,385,807	1,212,912
Change in unrestricted net assets	95,794	178,446
Unrestricted net assets, beginning of year	1,159,256	980,810
Unrestricted net assets, end of year	\$ 1,255,050	\$ 1,159,256
Temporarily restricted net assets		
Contributions	\$ 115,000	\$ -0-
Interest income	96	25
Net assets released from restrictions	(123)	(6,608)
Change in temporarily restricted net assets	114,973	(6,583)
Temporarily restricted net assets, beginning of year	23,855	30,438
Temporarily restricted net assets, end of year	\$ 138,828	\$ 23,855

See accompanying notes to financial statements.

VISITORS CENTER, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Operating activities		
Change in net assets	\$ 210,767	\$ 171,863
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	65,682	86,252
Interest on board-designated certificates of deposit	(2,705)	(2,172)
Non-cash contribution of property	-0-	(89,242)
Loss on disposal of assets	4,011	-0-
Changes in operating assets and liabilities:		
Inventory	19,492	9,588
Other current assets	(6,413)	(116)
Restricted cash	(114,973)	6,583
Board-designated cash	(146,601)	(97,947)
Accounts payable	3,428	(2,019)
Deferred revenue	-0-	(7,500)
Grants payable	(1,750)	(500)
Net cash flows from operating activities	30,938	74,790
Investing activities		
Purchase of property and equipment	(17,100)	(37,686)
Proceeds from the sale of property	760	110,758
Purchase of board-designated certificates of deposit	(99,681)	-0-
Maturities of board-designated certificates of deposit	101,853	-0-
Net cash flows from investing activities	(14,168)	73,072
Financing activities		
Principal payments on long-term debt	-0-	(21,568)
Net change in cash	16,770	126,294
Cash, beginning of year	316,559	190,265
Cash, end of year	\$ 333,329	\$ 316,559
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ -0-	\$ 465

See accompanying notes to financial statements.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Visitors Center, Inc. ("VCI") was incorporated in Indiana on April 28, 1994, and assumed the operations of both the Visitors Center Division of the Columbus Area Chamber Foundation, Inc., and the Columbus Area Visitor Information and Promotion Commission, Inc. ("VIP"). The VIP is funded by taxes levied by Bartholomew County, Indiana, on hotels, motels, and inns under the authority of the Indiana Uniform County Innkeeper Tax Law (Indiana Code, Chapter 6-9-18). Through the year ended December 31, 2011, VIP continued to assign its rights to the innkeeper tax to VCI, with 100 percent of the tax going to VCI. Gift shop sales and tour income also fund VCI. The purpose of VCI is to attract and host visitors to Bartholomew County and to serve local residents by promoting cultural and educational events.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Accordingly, the net assets of VCI and the changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

Cash

Cash consists of cash held in checking and money market accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

Inventory

Inventory consists of books, maps and other promotional items and is stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

Property and Equipment

Property and equipment are recorded at cost and include expenditures that substantially increase the useful lives of existing facilities. Maintenance, repairs, and minor improvements are expensed when incurred. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

VCI provides for depreciation of property and equipment utilizing the straight-line method at rates designed to depreciate the cost of such assets over their estimated useful lives. The range of useful lives is as follows:

<u>Description</u>	<u>Useful Lives</u>
Furniture and fixtures	5 – 10 years
Equipment	2 – 10 years
Leasehold improvements	15 years
Vehicles	5 – 7 years

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the notes to financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Tax

The Organization is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Restricted Cash

Restricted cash consists of monies received from donors for a specified purpose. Restricted cash was \$138,828 and \$23,855 at December 31, 2011 and 2010, respectively.

Board-Designated Cash

VCI's board of directors has designated the following funds:

Maintenance Reserve Fund – to fund future maintenance and repair costs related to its leased facilities.

Long-term Operating Reserve Fund – to provide a contingency fund for unexpected operating expenses.

Membership Reserve Fund – to educate residents and visitors about the community and the community's architectural heritage.

Transportation Reserve Fund – to fund future transportation-related acquisitions.

Tourism Enhancement Reserve Fund – to fund future tourism-related projects.

Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising costs were \$115,403 and \$100,646 for 2011 and 2010, respectively.

In-Kind Contributions

The Organization receives in-kind contributions of office and storage space. It is the policy of VCI to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

Subsequent Events

VCI has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is February 20, 2012.

Reclassifications

Certain prior year amounts have been reclassified herein to conform to the current method of presentation.

2. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2011 and 2010 is as follows:

	2011	2010
Furniture and fixtures	\$ 290,924	\$ 290,924
Equipment	249,600	254,656
Leasehold improvements	405,468	405,468
Vehicles	231,340	231,340
	1,177,332	1,182,388
Less accumulated depreciation	(1,050,142)	(1,001,845)
	\$ 127,190	\$ 180,543

3. BOARD-DESIGNATED CERTIFICATES OF DEPOSIT

Board-designated certificates of deposit consist of the following at December 31, 2011 and 2010:

2011			2010		
Amount	Maturity	Interest Rate	Amount	Maturity	Interest Rate
\$ 62,366	5/6/2012	4.00%	\$ 101,320	3/5/2011	1.60%
101,853	4/6/2013	1.20%	62,366	5/6/2012	4.00%
\$ 164,219			\$ 163,686		

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

4. GRANTS PAYABLE

The grants payable amounts at December 31, 2011 and 2010, represent VCI's unconditional promise to give monies to support local activities and projects that would bring visitors into the community as follows:

	2011				
	Grants Payable, 1-1-11	Grants Awarded In 2011	Grants Paid In 2011	Grants Written Off In 2011	Grants Payable, 12-31-11
Heritage of Hope	\$ -0-	\$ 2,796	\$ 2,796	\$ -0-	\$ -0-
Columbus Scottish Festival	-0-	6,888	6,888	-0-	-0-
Historic Tour	1,750	-0-	-0-	1,750	-0-
Other grants	-0-	4,347	4,347	-0-	-0-
	<u>\$ 1,750</u>	<u>\$ 14,031</u>	<u>\$ 14,031</u>	<u>\$ 1,750</u>	<u>\$ -0-</u>
	2010				
	Grants Payable, 1-1-10	Grants Awarded In 2010	Grants Paid In 2010	Grants Written Off In 2010	Grants Payable, 12-31-10
Mill Race Park Race	\$ 1,500	\$ -0-	\$ 1,500	\$ -0-	\$ -0-
Heritage of Hope	-0-	4,218	4,218	-0-	-0-
Columbus Scottish Festival	-0-	4,500	4,500	-0-	-0-
Historic Tour	-0-	1,750	-0-	-0-	1,750
Senior Center	750	-0-	-0-	750	-0-
Other grants	-0-	2,550	2,550	-0-	-0-
	<u>\$ 2,250</u>	<u>\$ 13,018</u>	<u>\$ 12,768</u>	<u>\$ 750</u>	<u>\$ 1,750</u>

Grants payable at December 31, 2011 and 2010, are all payable in less than one year.

5. BOARD-DESIGNATED NET ASSETS

At December 31, 2011 and 2010, board-designated net assets include the following:

	2011	2010
Maintenance reserve	\$ 274,673	\$ 164,471
Long-term operating reserve	271,581	238,420
Membership reserve	30,478	26,771
Transportation reserve	109,300	109,288
Tourism enhancement reserve	27,337	27,285
	<u>\$ 713,369</u>	<u>\$ 566,235</u>

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

6. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets at December 31, 2011 and 2010 are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Wayfinding	\$ 23,873	\$ 23,855
Sports Council	<u>114,955</u>	<u>-0-</u>
	<u>\$ 138,828</u>	<u>\$ 23,855</u>

Net assets were released from donor restrictions for the years ended December 31, 2011 and 2010 by satisfying the following purposes:

	<u>2011</u>	<u>2010</u>
Wayfinding	\$ -0-	\$ 6,608
Sports Council	<u>123</u>	<u>-0-</u>
	<u>\$ 123</u>	<u>\$ 6,608</u>

7. OPERATING LEASES

VCI leased land under a month-to-month agreement and leased a building under an operating lease that expired in 2009.

Following is a summary of rental expenses under all operating leases for 2010:

Minimum rentals	\$ 6,500
Less: sublease rentals	<u>3,250</u>
Total rent expense	<u>\$ 3,250</u>

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

8. CONTRIBUTION OF PROPERTY

In 2010, VCI received a contribution of property from a donor in exchange for VCI reimbursing the donor \$21,516 to cover property taxes since the inception of the lease which expired in 2009 (Note 7). Subsequently, VCI sold their interest in the property to another organization for \$110,758. The net amount of \$89,242 is recorded as a contribution in the Statement of Activities for the year ended December 31, 2010.

9. DONATED FACILITIES

VCI receives free use of a building that is owned by the Bartholomew County Public Library. The fair value of this donation for both 2011 and 2010 was \$86,400. In addition, VCI received free use of a storage facility in 2011. The fair value of this donation was \$3,900. These amounts have been included in the statement of activities as an in-kind donation. In-kind rental expense of \$90,300 and \$86,400 is also recorded in the Statements of Activities during the years ended December 31, 2011 and 2010, respectively.

10. CONCENTRATIONS OF CREDIT RISK

VCI maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. VCI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

During 2011 and 2010, VCI received 64 percent and 73 percent of its revenues from the Indiana Uniform County Innkeeper Tax, respectively.

11. FUNDS HELD BY BARTHOLOMEW COUNTY AUDITOR

At December 31, 2011 and 2010, the Bartholomew County Auditor held amounts of taxes collected under the Indiana Uniform County Innkeeper Tax. These funds are available to VCI upon annual approval of VCI's budget by the Bartholomew County Council, and upon subsequent approvals of requests for draws by the Bartholomew County Commissioners. Because VCI has not requested these funds at December 31, 2011 and 2010, and the Bartholomew County Commissioners have not approved the release of these funds for use by VCI, they are not shown as an asset of VCI. Amounts held by the Bartholomew County Auditor at December 31, 2011 and 2010 are as follows:

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Amount held by auditor, beginning of year	\$ 202,114	\$ 164,325
Innkeeper tax monies collected	1,234,308	1,050,518
Paid to VCI	<u>(1,022,000)</u>	<u>(1,012,729)</u>
Amount held by auditor, end of year	<u>\$ 414,422</u>	<u>\$ 202,114</u>

12. DEFINED CONTRIBUTION PLAN

VCI sponsors a defined contribution retirement plan covering all employees who are 18 years of age and older and who have completed at least one year of service. Annual contributions are based on 8 percent of covered employees' salaries. Employer contributions were \$31,736 and \$30,473 for 2011 and 2010, respectively. Employer contributions under this plan are charged to employee benefits expense.

SUPPLEMENTARY INFORMATION

VISITORS CENTER, INC.

SCHEDULES OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011					2010				
	Promotion	Hosting	Bus Tours	Administration	Total	Promotion	Hosting	Bus Tours	Administration	Total
Salaries, wages, and payroll taxes	\$ 217,213	\$ 74,524	\$ 91,352	\$ 91,768	\$ 474,857	\$ 220,763	\$ 75,483	\$ 62,208	\$ 102,370	\$ 460,824
Employee benefits	79,846	19,962	12,832	29,943	142,583	73,834	18,458	11,867	27,688	131,847
Other personnel services	507	2,162	761	190	3,620	511	1,053	391	191	2,146
Office supplies	5,995	1,489	938	2,197	10,619	7,472	1,859	1,178	2,756	13,265
Repair and maintenance supplies	-0-	10,254	5,262	7,386	22,902	-0-	10,821	5,061	7,484	23,366
Professional services	12,444	3,775	2,074	8,127	26,420	7,567	2,194	1,250	4,416	15,427
Communication and transportation	40,119	5,380	24,610	6,198	76,307	35,696	4,961	21,639	5,810	68,106
IMA tour expenses	-0-	-0-	33,917	-0-	33,917	-0-	-0-	-0-	-0-	-0-
Printing and advertising	153,916	13,512	977	4,630	173,035	126,733	11,986	1,485	5,017	145,221
Insurance	3,921	980	630	1,470	7,001	4,754	1,189	764	1,783	8,490
Utilities	12,294	3,073	1,976	4,610	21,953	12,804	3,201	2,058	4,800	22,863
Repairs and maintenance	-0-	33,097	-0-	-0-	33,097	-0-	6,220	-0-	-0-	6,220
In-kind rent expense	50,568	12,642	8,127	18,963	90,300	48,384	12,096	7,776	18,144	86,400
Rentals	-0-	-0-	-0-	-0-	-0-	650	650	1,950	-0-	3,250
Depreciation	36,782	9,195	11,823	7,882	65,682	48,301	12,075	15,525	10,351	86,252
Gift shop cost of sales	-0-	105,876	-0-	-0-	105,876	-0-	74,498	-0-	-0-	74,498
Wayfinding project	-0-	-0-	-0-	-0-	-0-	2,643	3,965	-0-	-0-	6,608
Sports tourism	37,338	28,168	-0-	-0-	65,506	21,951	16,559	-0-	-0-	38,510
Grants	12,281	-0-	-0-	-0-	12,281	12,268	-0-	-0-	-0-	12,268
Interest	-0-	-0-	-0-	-0-	-0-	-0-	-0-	465	-0-	465
Loss on disposal of assets	-0-	-0-	-0-	4,011	4,011	-0-	-0-	-0-	-0-	-0-
Miscellaneous	7,710	3,688	1,040	3,402	15,840	2,472	3,787	188	439	6,886
	<u>\$ 670,934</u>	<u>\$ 327,777</u>	<u>\$ 196,319</u>	<u>\$ 190,777</u>	<u>\$ 1,385,807</u>	<u>\$ 626,803</u>	<u>\$ 261,055</u>	<u>\$ 133,805</u>	<u>\$ 191,249</u>	<u>\$ 1,212,912</u>