



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44359

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2012 to December 31, 2012. 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, 2012, 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, 2012 AND 2011

VISITORS CENTER, INC.

TABLE OF CONTENTS DECEMBER 31, 2012 AND 2011

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	
Schedules of Functional Expenses	13



Blue & Co., LLC / 106 Community Drive / Seymour, IN 47274
main 812.522.8416 fax 812.523.8615 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Visitors Center, Inc. ("VCI"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VCI as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses 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
Seymour, Indiana

February 7, 2013

VISITORS CENTER, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets		
Cash	\$ 247,253	\$ 333,329
Inventory	53,855	73,265
Other current assets	<u>39,676</u>	<u>11,889</u>
Total current assets	340,784	418,483
Property and equipment, net	290,580	127,190
Other assets		
Restricted cash	132,265	138,828
Board-designated cash	788,970	549,150
Board-designated certificates of deposit	<u>103,079</u>	<u>164,219</u>
	<u>\$ 1,655,678</u>	<u>\$ 1,397,870</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 9,738	\$ 3,992
Grants payable	<u>20,000</u>	<u>-0-</u>
Total liabilities	29,738	3,992
Net assets		
Unrestricted net assets:		
Board-designated	872,049	713,369
Undesignated	<u>621,626</u>	<u>541,681</u>
Total unrestricted net assets	1,493,675	1,255,050
Temporarily restricted net assets	<u>132,265</u>	<u>138,828</u>
Total net assets	<u>1,625,940</u>	<u>1,393,878</u>
	<u>\$ 1,655,678</u>	<u>\$ 1,397,870</u>

See accompanying notes to financial statements.

VISITORS CENTER, INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Unrestricted net assets		
Revenues:		
Hotel/motel tax	\$ 1,133,587	\$ 1,022,000
Gift shop	177,882	166,992
Bus tours	208,316	177,843
Donations	6,252	10,872
In-kind rent	90,300	90,300
Interest	9,521	4,996
Other	3,695	8,475
Net assets released from restrictions	6,648	123
Total revenues	1,636,201	1,481,601
Expenses:		
Promotion	698,676	670,934
Hosting	292,957	327,777
Bus tours	255,290	196,319
Administration	150,653	190,777
Total expenses	1,397,576	1,385,807
Change in unrestricted net assets	238,625	95,794
Unrestricted net assets, beginning of year	1,255,050	1,159,256
Unrestricted net assets, end of year	\$ 1,493,675	\$ 1,255,050
Temporarily restricted net assets		
Contributions	\$ -0-	\$ 115,000
Interest income	85	96
Net assets released from restrictions	(6,648)	(123)
Change in temporarily restricted net assets	(6,563)	114,973
Temporarily restricted net assets, beginning of year	138,828	23,855
Temporarily restricted net assets, end of year	\$ 132,265	\$ 138,828

See accompanying notes to financial statements.

VISITORS CENTER, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating activities		
Change in net assets	\$ 232,062	\$ 210,767
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	71,007	65,682
Interest on board-designated certificates of deposit	(1,226)	(2,705)
Loss on disposal of assets	536	4,011
Changes in operating assets and liabilities:		
Inventory	19,410	19,492
Other current assets	(27,787)	(6,413)
Restricted cash	6,563	(114,973)
Board-designated cash	(239,820)	(146,601)
Accounts payable	5,746	3,428
Grants payable	20,000	(1,750)
Net cash flows from operating activities	<u>86,491</u>	<u>30,938</u>
Investing activities		
Purchase of property and equipment	(234,933)	(17,100)
Proceeds from the sale of property	-0-	760
Purchase of board-designated certificates of deposit	-0-	(99,681)
Maturities of board-designated certificates of deposit	62,366	101,853
Net cash flows from investing activities	<u>(172,567)</u>	<u>(14,168)</u>
Net change in cash	(86,076)	16,770
Cash, beginning of year	<u>333,329</u>	<u>316,559</u>
Cash, end of year	<u>\$ 247,253</u>	<u>\$ 333,329</u>

See accompanying notes to financial statements.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

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). As of January 1, 2012, VIP assigned a portion of the innkeeper tax to the Hope Chamber of Commerce's Welcome Center. This portion was included in VCI's draws then paid in full to the Hope Chamber of Commerce. 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. VCI maintains unrestricted funds as follows:

Undesignated – used to fund current operations of VCI.

Board Designated – used to fund future operations of VCI as designated by the Board

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

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

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.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

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 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, 2012 and 2011, 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 \$132,265 and \$138,828 at December 31, 2012 and 2011, 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 \$127,498 and \$115,403 for 2012 and 2011, respectively.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

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.

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 7, 2013.

2. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 323,424	\$ 290,924
Equipment	306,626	249,600
Leasehold improvements	514,913	405,468
Vehicles	231,340	231,340
Construction in progress	3,574	-0-
	<u>1,379,877</u>	<u>1,177,332</u>
Less accumulated depreciation	<u>(1,089,297)</u>	<u>(1,050,142)</u>
	<u>\$ 290,580</u>	<u>\$ 127,190</u>

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

3. BOARD-DESIGNATED CERTIFICATES OF DEPOSIT

Board-designated certificates of deposit consist of the following at December 31, 2012 and 2011:

2012			2011		
Amount	Maturity	Interest Rate	Amount	Maturity	Interest Rate
\$ 103,079	4/6/2013	1.20%	\$ 62,366	5/6/2012	4.00%
			101,853	4/6/2013	1.20%
			\$ 164,219		

4. GRANTS PAYABLE

The grants payable amounts at December 31, 2012 and 2011, represent VCI's unconditional promise to give monies to support local activities and projects that would bring visitors into the community as follows:

	2012				
	Grants Payable, 1-1-12	Grants Awarded In 2012	Grants Paid In 2012	Grants Written Off In 2012	Grants Payable, 12-31-12
Heritage of Hope	\$ -0-	\$ 2,000	\$ 2,000	\$ -0-	\$ -0-
Columbus Scottish Festival	-0-	6,385	6,181	204	-0-
Columbus Park Foundation	-0-	30,000	10,000	-0-	20,000
City of Columbus	-0-	2,000	2,000	-0-	-0-
Other grants	-0-	5,536	5,376	160	-0-
	\$ -0-	\$ 45,921	\$ 25,557	\$ 364	\$ 20,000

	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-
	\$ 1,750	\$ 14,031	\$ 14,031	\$ 1,750	\$ -0-

Grants payable at December 31, 2012 is payable in \$10,000 installments for the next two years.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

5. BOARD-DESIGNATED NET ASSETS

At December 31, 2012 and 2011, board-designated net assets include the following:

	<u>2012</u>	<u>2011</u>
Maintenance reserve	\$ 293,911	\$ 274,673
Long-term operating reserve	403,924	271,581
Membership reserve	19,549	30,478
Transportation reserve	149,312	109,300
Tourism enhancement reserve	<u>5,353</u>	<u>27,337</u>
	<u>\$ 872,049</u>	<u>\$ 713,369</u>

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

Temporarily restricted net assets at December 31, 2012 and 2011 are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Wayfinding	\$ 23,888	\$ 23,873
Sports Council	<u>108,377</u>	<u>114,955</u>
	<u>\$ 132,265</u>	<u>\$ 138,828</u>

Net assets were released from donor restrictions for the years ended December 31, 2012 and 2011 by satisfying the Sports Council's purpose restriction in the amount of \$6,648 and \$123, respectively.

7. 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 2012 and 2011 was \$86,400. In addition, VCI received free use of a storage facility in 2012 and 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 is also recorded in the Statements of Activities during the years ended December 31, 2012 and 2011.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

8. 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 2012 and 2011, VCI received 69 percent and 64 percent of its revenues from the Indiana Uniform County Innkeeper Tax, respectively.

9. FUNDS HELD BY BARTHOLOMEW COUNTY AUDITOR

At December 31, 2012 and 2011, 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, 2012 and 2011, 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, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Amount held by auditor, beginning of year	\$ 414,422	\$ 202,114
Innkeeper tax monies collected	1,307,052	1,234,308
Paid to VCI	<u>(1,133,587)</u>	<u>(1,022,000)</u>
Amount held by auditor, end of year	<u>\$ 587,887</u>	<u>\$ 414,422</u>

During 2012, the Organization received \$47,881 in innkeeper's tax to be distributed to the Hope Chamber of Commerce. These funds were immediately disbursed upon receipt.

10. 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 \$24,260 and \$31,736 for 2012 and 2011, 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, 2012 AND 2011

	2012			2011						
	Promotion	Hosting	Bus Tours	Administration	Total	Promotion	Hosting	Bus Tours	Administration	Total
Salaries, wages, and payroll taxes	\$ 197,359	\$ 66,781	\$ 116,658	\$ 72,614	\$ 453,412	\$ 217,213	\$ 74,524	\$ 91,352	\$ 91,768	\$ 474,857
Employee benefits	75,993	20,725	16,580	24,871	138,169	79,846	19,962	12,832	29,943	142,583
Other personnel services	-0-	2,455	539	-0-	2,994	507	2,162	761	190	3,620
Office supplies	6,488	1,753	1,372	2,070	11,683	5,995	1,489	938	2,197	10,619
Repair and maintenance supplies	-0-	24,591	2,733	-0-	27,324	-0-	10,254	5,262	7,386	22,902
Professional services	13,320	3,009	2,889	3,129	22,347	12,444	3,775	2,074	8,127	26,420
Communication and transportation	30,392	4,627	17,998	5,102	58,119	40,119	5,380	23,316	6,198	75,013
IMA tour expenses	-0-	-0-	48,220	-0-	48,220	-0-	-0-	35,211	-0-	35,211
Printing and advertising	171,164	15,718	1,433	5,482	193,797	153,916	13,512	977	4,630	173,035
Insurance	5,295	1,444	1,155	1,733	9,627	3,921	980	630	1,470	7,001
Utilities	12,896	3,517	2,814	4,220	23,447	12,294	3,073	1,976	4,610	21,953
Repairs and maintenance	-0-	2,474	619	-0-	3,093	-0-	33,097	-0-	-0-	33,097
In-kind rent expense	49,665	13,545	10,836	16,254	90,300	50,568	12,642	8,127	18,963	90,300
Depreciation	39,054	10,651	8,521	12,781	71,007	36,782	9,195	11,823	7,882	65,682
Gift shop cost of sales	-0-	85,214	21,303	-0-	106,517	-0-	105,876	-0-	-0-	105,876
Sports tourism	44,463	33,543	-0-	-0-	78,006	37,338	28,168	-0-	-0-	65,506
Grants	45,557	-0-	-0-	-0-	45,557	12,281	-0-	-0-	-0-	12,281
Interest	-0-	-0-	379	-0-	379	-0-	-0-	-0-	-0-	-0-
Loss on disposal of assets	-0-	-0-	-0-	536	536	-0-	-0-	-0-	4,011	4,011
Miscellaneous	7,030	2,910	1,241	1,861	13,042	7,710	3,688	1,040	3,402	15,840
	<u>\$ 698,676</u>	<u>\$ 292,957</u>	<u>\$ 255,290</u>	<u>\$ 150,653</u>	<u>\$ 1,397,576</u>	<u>\$ 670,934</u>	<u>\$ 327,777</u>	<u>\$ 196,319</u>	<u>\$ 190,777</u>	<u>\$ 1,385,807</u>