



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44447

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

November 12, 2014

Board of Directors
Nashville/Brown County Convention and Visitors Bureau, Inc.
10 N. Van Buren Street
P.O. Box 840
Nashville, IN 47448

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 Nashville/Brown County Convention and Visitors Bureau, 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

**NASHVILLE/BROWN COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

(MODIFIED CASH BASIS)

DECEMBER 31, 2011 AND 2010

**NASHVILLE/BROWN COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

TABLE OF CONTENTS
DECEMBER 31, 2011 AND 2010

	Page
Report of Independent Auditors	1
 Financial Statements	
Statements of Financial Position – Modified Cash Basis	2
Statements of Activities – Modified Cash Basis	3
Statements of Cash Flows – Modified Cash Basis.....	4
Notes to Financial Statements	5



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
Nashville/Brown County Convention and Visitors Bureau, Inc.
Nashville, Indiana

We have audited the accompanying statement of financial position – modified cash basis of Nashville/Brown County Convention and Visitors Bureau, Inc. as of December 31, 2011 and the related statements of activities – modified cash basis and cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of Nashville/Brown County Convention and Visitors Bureau, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Nashville/Brown County Convention and Visitors Bureau, Inc. as of December 31, 2010, were audited by other auditors whose report dated July 6, 2011, express an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville/Brown County Convention and Visitors Bureau, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended on the basis of accounting described in Note 1.

Blue & Co., LLC

September 4, 2012

**NASHVILLE/BROWN COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash	\$ 108,384	\$ 229,568
Restricted cash	87,253	19,855
Inventory	7	2,918
Property and equipment, net	<u>15,867</u>	<u>14,316</u>
	<u>\$ 211,511</u>	<u>\$ 266,657</u>

LIABILITIES AND NET ASSETS

Liabilities

Taxes withheld or collected	\$ 50	\$ 358
Assets held for others	<u>87,253</u>	<u>19,855</u>
Total liabilities	87,303	20,213

Net assets

Unrestricted net assets	<u>124,208</u>	<u>246,444</u>
	<u>\$ 211,511</u>	<u>\$ 266,657</u>

See accompanying notes to financial statements.

**NASHVILLE/BROWN COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

**STATEMENTS OF ACTIVITIES – MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Revenues and support		
Claims from Brown County Convention and Visitors Commision	\$ 630,000	\$ 600,000
Interest income	173	1,211
Visitor guide sales	375	28,763
Valued visitor, website and other promotional revenue	<u>65,316</u>	<u>75,726</u>
Total revenues and support	695,864	705,700
Expenses		
Leisure market program	410,128	282,738
Group market program	8,348	8,846
Communications public relations program	6,602	815
Professional development	6,222	4,359
Visitors center program	<u>146,964</u>	<u>137,676</u>
Total program expenses	578,264	434,434
Management and general	<u>239,836</u>	<u>230,967</u>
Total expenses	<u>818,100</u>	<u>665,401</u>
Change in net assets	(122,236)	40,299
Net assets, beginning of year	<u>246,444</u>	<u>206,145</u>
Net assets, end of year	<u><u>\$ 124,208</u></u>	<u><u>\$ 246,444</u></u>

See accompanying notes to financial statements.

**NASHVILLE/BROWN COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

**STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Operating activities		
Change in net assets	\$ (122,236)	\$ 40,299
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,150	5,094
Changes in operating assets and liabilities:		
Restricted cash	(67,398)	(19,855)
Inventory	2,911	3,998
Taxes withheld or collected	(308)	(531)
Assets held for others	<u>67,398</u>	<u>19,855</u>
Net cash flows from operating activities	(114,483)	48,860
Investing activities		
Purchases of property and equipment	<u>(6,701)</u>	<u>(3,807)</u>
Net cash flows from investing activities	<u>(6,701)</u>	<u>(3,807)</u>
Net change in cash	(121,184)	45,053
Cash, beginning of year	<u>229,568</u>	<u>184,515</u>
Cash, end of year	<u><u>\$ 108,384</u></u>	<u><u>\$ 229,568</u></u>

See accompanying notes to financial statements.

NASHVILLE/BROWN COUNTY CONVENTION AND VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Nashville/Brown County Convention and Visitors Bureau, Inc. ("the Organization") is a not-for-profit organization whose mission and principal activities are to promote and encourage conventions, trade shows, visitors and special events held in Brown County, Indiana. The Organization's revenues and other support are derived principally from an annual renewable contract with the Brown County Convention and Visitors Commission (the "Commission"), under which the Commission transfers funds collected from the Brown County Innkeeper's tax to the Organization. The Organization also operated a visitor's center gift store to sell merchandise produced in or pertaining to Brown County and later closed the gift store during 2011.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. The basis differs from accounting principles generally accepted in the United States of America primarily because revenues are recognized when received rather than when earned and expenses are recognized when cash is disbursed rather than when the obligation is incurred. However, acquisitions of assets having an estimated useful life beyond one year are capitalized and depreciated over the estimated useful life of the asset, and inventory is recorded as an asset and the related cost is expensed when sold.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with their basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Restricted Cash

Restricted cash pertains to amounts belonging to the Commission being held by the Organization. These funds are expected to be repaid to the Commission in the future.

Inventory

Inventory consists of retail merchandise that pertains to Brown County, Indiana. Inventory is stated at the lower of cost or market. Cost of retail merchandise is determined using the first-in, first-out (FIFO) method.

NASHVILLE/BROWN COUNTY CONVENTION AND VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

Property and Equipment

Property and equipment are recorded at cost and include expenditures that substantially increase the useful life of existing facilities. Maintenance, repairs, and minor improvements are expensed when incurred. Property and equipment of the Organization is being depreciated over estimated useful lives ranging from three to ten years using the straight-line method.

Basis of Presentation

Net assets, revenues, support, 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. The net assets of the Organization are classified and reported as unrestricted net assets as they are not subject to donor-imposed restrictions.

Advertising Costs

Advertising costs are charged to operations when the cash is disbursed and totaled \$130,334 and \$100,398 for the years ended December 31, 2011 and 2010, respectively.

Expense Allocation

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain expenses 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 Taxes

The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to income tax on any unrelated business taxable income.

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. The Organization is subject to routine audits by taxing jurisdiction; however, there are currently no audits for any tax periods in progress. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions.).

NASHVILLE/BROWN COUNTY CONVENTION AND VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is September 4, 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:

	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 53,575	\$ 62,044
Leasehold improvements	<u>83,581</u>	<u>83,581</u>
	137,156	145,625
Less accumulated depreciation	<u>121,289</u>	<u>131,309</u>
	<u>\$ 15,867</u>	<u>\$ 14,316</u>

3. OPERATING LEASES

Non-cancellable operating leases for various items of equipment expire in various years through 2016. The building lease is treated as month-to-month as no lease currently exists. These leases generally require the Organization to pay all executory costs (property taxes, maintenance and insurance). Rental expense for all operating leases for the years ended December 31, 2011 and 2010 was \$56,245 and \$52,273, respectively.

**NASHVILLE/BROWN COUNTY CONVENTION
AND VISITORS BUREAU, INC.**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

Future minimum lease payments subsequent to December 31, 2011 are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 8,418
2013	8,418
2014	8,418
2015	4,719
2016	<u>718</u>
	<u>\$ 30,691</u>

4. RETIREMENT PLAN

The Organization has a simplified employee pension plan covering employees 21 years of age or older with over one year of employment service. The board of directors of the Organization determines the amount of the Organization's matching contribution to the plan. Retirement plan expense was \$10,376 and \$8,576 for the years ended December 31, 2011 and 2010, respectively.

5. CONCENTRATIONS

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management does not believe a significant credit risk on cash exists.

During 2011 and 2010, the Organization received 91 and 85 percent of its revenues from the Indiana Uniform County Innkeeper Tax, respectively.