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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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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, 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 Nashville/Brown County Convention and Visitors Bureau, 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

NASHVILLE/BROWN COUNTY CONVENTION AND VISITORS BUREAU, INC.

FINANCIAL STATEMENTS

(MODIFIED CASH BASIS)

DECEMBER 31, 2012 AND 2011

NASHVILLE/BROWN COUNTY CONVENTION AND VISITORS BUREAU, INC.

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DECEMBER 31, 2012 AND 2011

CPAS ADVISORS

blue

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Nashville/Brown County Convention and Visitors Bureau, Inc.
Nashville, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements – modified cash basis of Nashville/Brown County Convention and Visitors Bureau, Inc. (the "Organization") which comprise the statements of financial position – modified cash basis as of December 31, 2012 and 2011, and the related statements of activities – modified cash basis, and cash flows – modified cash basis 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements. Management is also responsible for the design, implementation, and maintenance of internal controls 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 from 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 the Organization as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Blue & Co., LLC

Seymour, Indiana

June 11, 2013

NASHVILLE/BROWN COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
Cash	$ 112,837	$ 108,384
Restricted cash	95,272	87,253
Inventory	1,668	7
Property and equipment, net	12,124	15,867
	$ 221,901	$ 211,511

LIABILITIES AND NET ASSETS

	2012	2011
Liabilities		
Taxes withheld or collected	$ 50	$ 50
Assets held for others	95,272	87,253
Total liabilities	95,322	87,303
Net assets		
Unrestricted net assets	126,579	124,208
	$ 221,901	$ 211,511

See accompanying notes to financial statements.

NASHVILLE/BROWN COUNTY CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF ACTIVITIES – MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Revenues and support		
Claims from Brown County Convention and Visitors Commision	$ 693,500	$ 630,000
Interest income	98	173
Visitor guide sales	17,250	375
Valued visitor, website and other promotional revenue	43,972	65,316
Other revenue	1,847	-0-
Total revenues and support	756,667	695,864
Expenses		
Leisure market program	379,753	410,128
Group market program	3,631	8,348
Communications public relations program	12,678	6,602
Professional development	5,401	6,222
Visitors center program	125,268	146,964
Total program expenses	526,731	578,264
Management and general	227,565	239,836
Total expenses	754,296	818,100
Change in net assets	2,371	(122,236)
Net assets, beginning of year	124,208	246,444
Net assets, end of year	$ 126,579	$ 124,208

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, 2012 AND 2011

	2012	2011
Operating activities		
Change in net assets	$ 2,371	$ (122,236)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	6,468	5,150
Changes in operating assets and liabilities:		
Restricted cash	(8,019)	(67,398)
Inventory	(1,661)	2,911
Taxes withheld or collected	-0-	(308)
Assets held for others	8,019	67,398
Net cash flows from operating activities	7,178	(114,483)
Investing activities		
Purchases of property and equipment	(2,725)	(6,701)
Net change in cash	4,453	(121,184)
Cash, beginning of year	108,384	229,568
Cash, end of year	$ 112,837	$ 108,384

See accompanying notes to financial statements.

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 operates a visitor's center that offers a limited amount of merchandise produced in or pertaining to Brown County, which in 2011 the store phased out old gift items.

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 and the Playhouse, which are being held by the Organization and are required to be held in separate bank accounts. These funds will be spent as directed by the Commission and the Playhouse. The Organization also holds money received from a grant for maps of Brown County, which are to be held in a separate bank account and spent toward the purpose of producing and advertising the maps.

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.

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 $200,398 and $130,334 for the years ended December 31, 2012 and 2011, 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 jurisdictions; 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).

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 June 11, 2013.

2. PROPERTY AND EQUIPMENT

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

	2012	2011
Furniture and equipment	$ 55,100	$ 53,575
Leasehold improvements	83,581	83,581
	138,681	137,156
Less accumulated depreciation	126,557	121,289
	$ 12,124	$ 15,867

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, 2012 and 2011 was $57,936 and $56,245, respectively.

Future minimum lease payments subsequent to December 31, 2012 are as follows:

Year	Amount
2013	$ 8,418
2014	8,418
2015	5,182
2016	478
	$ 22,496

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 $9,885 and $10,376 for the years ended December 31, 2012 and 2011, respectively.

5. CONCENTRATONS

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 2012 and 2011, the Organization received 92 and 91 percent of its revenues from the Indiana Uniform County Innkeeper Tax, respectively.