



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

June 5, 2009

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

We have reviewed the audit report prepared by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. 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 the Visitors Center, Inc., as of December 31, 2008, 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.

STATE BOARD OF ACCOUNTS

VISITORS CENTER, INC.

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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

We have audited the accompanying statements of financial position of Visitors Center, Inc., as of December 31, 2008 and 2007, 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, 2008 and 2007, 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.

Blue & Co., LLC

January 29, 2009

VISITORS CENTER, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current assets		
Cash	\$ 182,438	\$ 205,830
Accounts receivable	223	2,627
Prepaid expenses	5,940	6,572
Inventory	<u>114,746</u>	<u>141,757</u>
Total current assets	303,347	356,786
Property and equipment, net	389,425	445,948
Other assets		
Board-designated cash	225,304	234,502
Board-designated certificates of deposit	<u>228,719</u>	<u>217,448</u>
	<u>\$ 1,146,795</u>	<u>\$ 1,254,684</u>

LIABILITIES AND NET ASSETS

Liabilities		
Current maturities of long-term debt	\$ 20,889	\$ 19,959
Accounts payable	12,764	4,374
Grants payable	<u>1,065</u>	<u>52,090</u>
Total current liabilities	34,718	76,423
Note payable	<u>21,810</u>	<u>42,669</u>
Total liabilities	56,528	119,092
Net assets		
Unrestricted net assets:		
Board-designated	454,023	451,950
Undesignated	<u>615,188</u>	<u>636,227</u>
Total unrestricted net assets	1,069,211	1,088,177
Temporarily restricted net assets	<u>21,056</u>	<u>47,415</u>
Total net assets	<u>1,090,267</u>	<u>1,135,592</u>
	<u>\$ 1,146,795</u>	<u>\$ 1,254,684</u>

See accompanying notes to financial statements.

VISITORS CENTER, INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Unrestricted net assets		
Revenues:		
Hotel/motel tax	\$ 1,022,000	\$ 875,000
Gift shop	113,912	121,139
Bus tours	35,333	35,549
Donations	4,587	4,817
In-kind rent	86,400	86,400
Interest	16,651	20,756
Other	18,520	15,591
Net assets released from restrictions	26,359	12,177
Total revenues	1,323,762	1,171,429
Expenses:		
Promotion	705,975	654,672
Hosting	324,722	293,608
Bus tours	126,853	118,662
Administration	185,178	178,784
Total expenses	1,342,728	1,245,726
Change in unrestricted net assets	(18,966)	(74,297)
Unrestricted net assets, beginning of year	1,088,177	1,162,474
Unrestricted net assets, end of year	\$ 1,069,211	\$ 1,088,177
Temporarily restricted net assets		
Net assets released from restrictions	\$ (26,359)	\$ (12,177)
Change in temporarily restricted net assets	(26,359)	(12,177)
Temporarily restricted net assets, beginning of year	47,415	59,592
Temporarily restricted net assets, end of year	\$ 21,056	\$ 47,415

See accompanying notes to financial statements.

VISITORS CENTER, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Operating activities		
Change in net assets	\$ (45,325)	\$ (86,474)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	121,749	117,275
Loss on sale of asset	1,796	-0-
Changes in operating assets and liabilities:		
Accounts receivable	2,404	(386)
Prepaid expenses	632	1,004
Inventory	27,011	29,339
Accounts payable	8,390	(514)
Grants payable	<u>(51,025)</u>	<u>1,055</u>
Net cash flows from operating activities	65,632	61,299
Investing activities		
Purchase of property and equipment	(67,022)	(54,169)
Change in board-designated cash and certificates of deposit	<u>(2,073)</u>	<u>(44,657)</u>
Net cash flows from investing activities	(69,095)	(98,826)
Financing activities		
Principal payments on long-term debt	<u>(19,929)</u>	<u>(19,111)</u>
Net cash flows from financing activities	<u>(19,929)</u>	<u>(19,111)</u>
Net change in cash	(23,392)	(56,638)
Cash, beginning of year	<u>205,830</u>	<u>262,468</u>
Cash, end of year	<u>\$ 182,438</u>	<u>\$ 205,830</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 2,477	\$ 3,296

See accompanying notes to financial statements.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

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). It has assigned its rights to the innkeeper tax 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, expenses, 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.

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.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

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	3 – 10 years
Leasehold improvements	15 years
Vehicles	5 – 7 years

Income Tax

VCI is exempt from taxation as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48 ("FIN 48"), which clarifies generally acceptable accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FIN 48 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. As permitted by FIN 48 (as amended), the Organization has elected to defer the application of FIN 48 until issuance of its December 31, 2009 financial statements. For financial statements covering periods prior to calendar 2009, the Organization evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required thereunder.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

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.

Video Reserve Fund – to fund a future video project.

Wayfinding Reserve Fund – to fund future community signage projects.

Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising costs were \$93,697 and \$89,252 for 2008 and 2007, respectively.

2. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Furniture and fixtures	\$ 303,588	\$ 303,588
Equipment	314,407	265,340
Leasehold improvements	780,898	780,898
Vehicles	<u>247,193</u>	<u>247,193</u>
	1,646,086	1,597,019
Less accumulated depreciation	<u>(1,256,661)</u>	<u>(1,151,071)</u>
	<u>\$ 389,425</u>	<u>\$ 445,948</u>

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

3. GRANTS PAYABLE

The grants payable amounts at December 31, 2008 and 2007, represent VCI's unconditional promise to give monies to support local activities and projects that would bring visitors into the community as follows:

	2008				
	Grants Payable, 1-1-08	Grants Awarded In 2008	Grants Paid In 2008	Grants Written Off In 2008	Grants Payable, 12-31-08
County Parks Board	\$ 35,000	\$ -0-	\$ 35,000	\$ -0-	\$ -0-
CIAA	2,902	-0-	-0-	2,902	-0-
Columbus Area Arts Council	-0-	6,500	6,500	-0-	-0-
Heritage of Hope	-0-	2,000	2,000	-0-	-0-
Columbus Scottish Festival	-0-	2,940	2,940	-0-	-0-
Mill Race Park Race	-0-	1,442	1,442	-0-	-0-
Kidscommons	13,398	-0-	13,398	-0-	-0-
Senior Center	-0-	750	-0-	-0-	750
Other grants	790	2,825	3,300	-0-	315
	<u>\$ 52,090</u>	<u>\$ 16,457</u>	<u>\$ 64,580</u>	<u>\$ 2,902</u>	<u>\$ 1,065</u>

	2007			
	Grants Payable, 1-1-07	Grants Awarded In 2007	Grants Paid In 2007	Grants Payable, 12-31-07
County Parks Board	\$ 35,000	\$ -0-	\$ -0-	\$ 35,000
CIAA	-0-	5,000	2,098	2,902
Columbus Area Arts Council	-0-	7,694	7,694	-0-
Heritage of Hope	-0-	2,000	2,000	-0-
Columbus Scottish Festival	-0-	2,500	2,500	-0-
Kidscommons	15,245	-0-	1,847	13,398
Chamber of Commerce	-0-	2,500	2,500	-0-
Senior Center	-0-	3,000	3,000	-0-
Other grants	790	1,525	1,525	790
	<u>\$ 51,035</u>	<u>\$ 24,219</u>	<u>\$ 23,164</u>	<u>\$ 52,090</u>

Grants payable at December 31, 2008 and 2007, are all payable in less than one year.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

4. NOTE PAYABLE

VCI has a note payable to bank which bears interest currently at 4.5%. The note is payable in monthly installments of \$1,867, including interest, through December 2010. This note is secured by a vehicle and has an outstanding balance of \$42,699 and \$62,628 at December 31, 2008 and 2007, respectively.

Annual maturities of this note payable subsequent to December 31, 2008, and in the aggregate, are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 20,889
2010	<u>21,810</u>
	<u>\$ 42,699</u>

5. BOARD-DESIGNATED NET ASSETS

At December 31, 2008 and 2007, board-designated net assets include the following:

	<u>2008</u>	<u>2007</u>
Maintenance reserve	\$ 149,355	\$ 136,601
Long-term operating reserve	228,719	217,448
Membership reserve	27,228	22,878
Transportation reserve	21,445	21,022
Video reserve	-0-	26,725
Wayfinding reserve	<u>27,276</u>	<u>27,276</u>
	<u>\$ 454,023</u>	<u>\$ 451,950</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$21,056 and \$47,415 at December 31, 2008 and 2007, respectively, are available to support the Community Wayfinding project. Temporarily restricted net assets released from restrictions due to satisfaction of purpose restrictions during the years ended December 31, 2008 and 2007, were \$26,359 and \$12,177, respectively.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

7. OPERATING LEASES

VCI leases land and equipment under operating leases that expire in various years through 2009.

Future rental payments for land under the noncancelable operating lease are subject to an annual change in amount based on a dollar-for-dollar increase or decrease on the lessor's variable rate note on the leased premises. Minimum future rental payments under noncancelable operating leases having initial terms in excess of one year subsequent to December 31, 2008, based on current interest rates, is \$14,004.

Total minimum future rental payments have not been reduced by \$7,002 of sublease rentals to be received in the future under non-cancelable subleases.

Following is a summary of rental expenses under all operating leases for 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Minimum rentals	\$ 21,299	\$ 20,490
Less: sublease rentals	<u>10,613</u>	<u>10,693</u>
Total rent expense	<u>\$ 10,686</u>	<u>\$ 9,797</u>

8. DONATED FACILITIES

VCI receives free use of a building that is owned by the Bartholomew County Public Library. The fair market value of this donation for both 2008 and 2007 was \$86,400, and has been included in the statement of activities as an in-kind donation. In-kind rental expense of \$86,400 is also recorded in the statement of activities.

9. 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 2008 and 2007, VCI received 77 and 75 percent of its revenues from the Indiana Uniform County Innkeeper Tax, respectively.

VISITORS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

10. FUNDS HELD BY BARTHOLOMEW COUNTY AUDITOR

At December 31, 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Amount held by auditor, beginning of year	\$ 236,791	\$ 214,873
Innkeeper tax monies collected	1,014,489	896,918
Paid to VCI	<u>(1,022,000)</u>	<u>(875,000)</u>
Amount held by auditor, end of year	<u>\$ 229,280</u>	<u>\$ 236,791</u>

11. 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 \$25,110 and \$22,895 for 2008 and 2007, 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, 2008 AND 2007

	2008				2007				Total	
	Promotion	Hosting	Bus Tours	Administration	Total	Promotion	Hosting	Bus Tours		Administration
Salaries, wages, and payroll taxes	\$ 202,076	\$ 83,475	\$ 60,852	\$ 89,788	\$ 436,191	\$ 172,277	\$ 71,118	\$ 55,258	\$ 90,840	\$ 389,493
Employee benefits	70,201	19,791	11,866	26,267	128,125	55,714	16,347	9,584	20,832	102,477
Other personnel services	850	213	137	318	1,518	825	206	133	310	1,474
Office supplies	4,694	1,164	730	1,714	8,302	3,956	954	547	1,307	6,764
Repair and maintenance supplies	-0-	10,598	3,718	8,007	22,323	1,139	11,480	4,241	9,364	26,224
Professional services	8,888	2,486	1,231	4,885	17,490	6,971	1,817	969	3,073	12,830
Communication and transportation	51,500	8,066	6,042	10,708	76,316	51,889	7,855	6,219	10,531	76,494
Printing and advertising	144,003	15,451	866	4,132	164,452	151,439	16,117	1,007	4,147	172,710
Insurance	3,850	963	619	1,443	6,875	3,992	998	642	1,497	7,129
Utilities	12,404	3,101	1,994	4,650	22,149	11,288	2,822	1,814	4,233	20,157
Repairs and maintenance	-0-	10,462	-0-	-0-	10,462	-0-	3,736	-0-	-0-	3,736
In-kind rent expense	48,384	12,096	7,776	18,144	86,400	48,384	12,096	7,776	18,144	86,400
Rentals	2,137	2,137	6,412	-0-	10,686	1,959	1,959	5,879	-0-	9,797
Depreciation	68,178	17,045	21,915	14,611	121,749	65,674	16,419	21,110	14,072	117,275
Gift shop cost of sales	-0-	75,424	-0-	-0-	75,424	-0-	83,307	-0-	-0-	83,307
Interest	-0-	-0-	2,477	-0-	2,477	-0-	-0-	3,296	-0-	3,296
Wayfinding project	10,544	15,815	-0-	-0-	26,359	4,871	7,306	-0-	-0-	12,177
Sports tourism	58,736	44,310	-0-	-0-	103,046	41,237	31,108	-0-	-0-	72,345
Grants	16,457	-0-	-0-	-0-	16,457	24,219	-0-	-0-	-0-	24,219
Miscellaneous	3,073	2,125	218	511	5,927	8,838	7,963	187	434	17,422
	<u>\$ 705,975</u>	<u>\$ 324,722</u>	<u>\$ 126,853</u>	<u>\$ 185,178</u>	<u>\$ 1,342,728</u>	<u>\$ 654,672</u>	<u>\$ 293,608</u>	<u>\$ 118,662</u>	<u>\$ 178,784</u>	<u>\$ 1,245,726</u>