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May 30, 2014

Board of Directors
Howard County Convention & Visitors Commission, Inc.
325 N. Main Street
Kokomo, IN 46901

We have reviewed the audit report prepared by BCR CPA Group, 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 Howard County Convention & Visitors Commission, 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

**HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.**

**FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kokomo Howard County
Convention and Visitors Commission, Inc.

We have audited the accompanying Statement of Financial Position of Kokomo Howard County Convention and Visitors Commission, Inc. (a not-for-profit organization) 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 the organization'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 and Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, issued by the Indiana State Board of Accounts. 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 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 Kokomo Howard County Convention and Visitors Commission, Inc. as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BCR CPA Group

BCR CPA Group

Kokomo, IN
September 28, 2012

HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 and 2010

Assets	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and Cash Equivalents	\$ 191,275.23	\$ 71,492.33
Innkeepers Tax Receivable	32,774.82	27,560.06
Prepaid Expense	<u>5,678.00</u>	<u>10,312.00</u>
Total Current Assets	229,728.05	109,364.39
Fixed Assets:		
Office Furniture & Equipment	68,519.09	68,519.09
Leasehold Improvements	78,230.00	78,230.00
Less: Accumulated Depreciation	<u>(89,429.49)</u>	<u>(85,698.75)</u>
Total Fixed Assets	57,319.60	61,050.34
Total Assets	<u>\$ 287,047.65</u>	<u>\$ 170,414.73</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts Payable	\$ 24,166.99	\$ 11,919.33
Indiana Glass Trail Project	1,036.06	388.33
Rent Payable	0.00	10,157.32
Payroll Taxes Withheld	3,094.47	3,058.04
Sales Tax Payable	<u>8.31</u>	<u>13.35</u>
Total Liabilities	28,305.83	25,536.37
Net Assets:		
Unrestricted	258,741.82	144,878.36
Temporarily Restricted	0.00	0.00
Permanently restricted	<u>0.00</u>	<u>0.00</u>
Total Net Assets	<u>258,741.82</u>	<u>144,878.36</u>
Total Liabilities and Net Assets	<u>\$ 287,047.65</u>	<u>\$ 170,414.73</u>

The accompanying notes are an integral part of these financial statements.

VISITORS COMMISSION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Changes in Unrestricted Net Assets:		
Revenues and Gains:		
Inn Keepers Tax Revenue	\$ 440,127.91	\$ 387,702.96
Interest Income	0.00	253.77
Grant Income	3,594.10	2,462.00
Gain (Loss) on Sale of Fixed Assets	0.00	(1,046.86)
Other Income	<u>0.00</u>	<u>682.01</u>
Total Unrestricted Revenue and Gains	<u>443,722.01</u>	<u>390,053.88</u>
Expenses:		
Program Expenses:		
Advertising & Promotion	83,662.21	36,266.49
Total Program Expenses	<u>83,662.21</u>	<u>36,266.49</u>
Management and General Expenses:		
Payroll & Related Expenses	161,261.91	140,483.61
Occupancy Expenses	54,233.63	165,949.74
Grant Expenditures	2,558.04	6,958.83
Other General & Administrative Expenses	<u>28,142.76</u>	<u>32,331.93</u>
Total Management and General Expense	<u>246,196.34</u>	<u>345,724.11</u>
Total Expenses	<u>329,858.55</u>	<u>381,990.60</u>
Increase (Decrease) in Unrestricted Assets	113,863.46	8,063.28
Changes in Temporarily Restricted Net Assets:		
(No Change)	0.00	0.00
Changes in Permanently Restricted Net Assets:		
(No Change)	<u>0.00</u>	<u>0.00</u>
Increase in Net Assets	113,863.46	8,063.28
Net Assets at Beginning of Year	<u>144,878.36</u>	<u>136,815.08</u>
Net Assets at End of Year	<u>\$ 258,741.82</u>	<u>\$ 144,878.36</u>

The accompanying notes are an integral part of these financial statements.

HOWARD COUNTY CONVENTION AND
VISITORS COMMISSION, INC.
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 113,863.46	\$ 8,063.28
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Depreciation	3,730.74	5,606.53
Decrease (Increase) in Receivables	(5,214.76)	(3,226.46)
Decrease (Increase) in Prepaid Expense	4,634.00	2,782.00
Increase (Decrease) in Accounts Payable	12,247.66	(4,020.33)
Increase (Decrease) in Rent Payable	(10,157.32)	424.36
Increase (Decrease) in Payroll Tax Payable	36.43	(203.42)
Increase (Decrease) in Sales Tax Payable	(5.04)	2.51
Increase (Decrease) in Grant Liabilities	<u>647.73</u>	<u>388.33</u>
Net Cash provided by Operating Activities	119,782.90	9,816.80
Cash Flows from Investing Activities:		
Sale of Equipment & Leasehold Improvements	<u>0.00</u>	<u>3,046.86</u>
Net Increase in Cash and Cash Equivalents	119,782.90	12,863.66
Cash & Cash Equivalents - Beginning of Year	<u>71,492.33</u>	<u>58,628.67</u>
Cash & Cash Equivalents - End of Year	<u>\$ 191,275.23</u>	<u>\$ 71,492.33</u>

Supplemental disclosures:

The organization had no interest expense or income taxes expenses for the years ended December 31, 2011 and 2010.

The accompanying notes are an integral part of these financial statements.

**HOWARD COUNTY CONVENTION AND VISITORS COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

**NOTE A – NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Activities

The Howard County Convention and Visitors Commission, Inc. (CVC) was established to promote the development and growth of the convention and visitors industry in Howard County. The major portion of its revenues is from the Howard County's innkeeper's tax.

Contributed Services

During the year ended December 31, 2011 and 2010, the value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the CVC. The CVC received 296 and 374 volunteer hours in 2011 and 2010, respectfully.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The CVC is a not-for-profit organization that is partially exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code since it's incorporation on October 1, 1996. This classification is for business leagues and chambers of commerce.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the CVC considers all highly liquid investments available for current use with an initial maturity of three months or less, to be cash equivalents.

**HOWARD COUNTY CONVENTION AND VISITORS COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

**NOTE A – NATURE OF ACTIVITY AND SIGNIFICANT ACCOUNTING
POLICIES –Continued**

Property and Equipment

Property and Equipment are valued at cost, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. CVC has a capitalization policy of \$250 or more.

NOTE B – LEASES

Until June of 2011, CVC did not lease any of its facilities or equipment. In October of 1997, CVC entered into a contract to finance a promotion fund to establish and maintain an account into which 2/5 of all innkeepers' tax receipts will be deposited for a period not to exceed 15 years or \$2,412,178. The fund will support a civic center and automotive museum, for the purposes of promotion and encouragement in Howard County of conventions, trade shows, visitors or special events.

This contract ended in May of 2011. CVC moved to a new location and entered into a short term Management/Lease Agreement with the Greater Kokomo Economic Development Alliance, Inc. This new contract called for lease payments through December of 2011. There are no long term lease commitments at year end. Any further Management/Lease Agreement will be on a year by year basis.

NOTE C – GRANTS

CVC administers an Indiana Artisan Trail Development Grant entitled "Indiana Glass Trail". Along with CVC, the following Visitors Bureaus are party to the grant: Anderson, Muncie, Hamilton County, and Columbus. Any unused grant proceeds are to be carried over year to year and passed on to any future administrators of this ongoing grant. The Indiana Glass Trail liabilities listed on the financial position statement represents the carry over amounts to future years.

HOWARD COUNTY CONVENTION AND VISITORS COMMISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE D – BUDGETS

The operating budget is initially prepared and approved at the local level. Budget modifications have been made in accordance with the laws of the State of Indiana.

Budgets for the budgetary funds of the CVC are prepared in detail by object classification.

Formal budgetary integration is required by state statute and is employed as a management control device. An annual budget was legally adopted for the following fund:

General Fund: Operating

NOTE E – COMPENSATED ABSENCES

The employees of CVC are entitled to paid vacation and paid sick pay, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE F – SUBSEQUENT EVENTS

The CVC has evaluated all subsequent events through September 28, 2012, the date the financial statements were available to be issued