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July 26, 2018

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

We have reviewed the report prepared by Nashville/Brown County Convention and Visitors Bureau, Inc. and opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Report of Independent Auditors* 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, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The 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, 2015 AND 2014**

*CPAs / ADVISORS*



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

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DECEMBER 31, 2015 AND 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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 1, 2016

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

STATEMENTS OF FINANCIAL POSITION – MODIFIED CASH BASIS  
DECEMBER 31, 2015 AND 2014

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**ASSETS**

	<u>2015</u>	<u>2014</u>
Cash	\$ 38,280	\$ 57,820
Restricted cash	56,570	38,070
Inventory	5,215	4,462
Property and equipment, net	<u>12,261</u>	<u>17,637</u>
	<u>\$ 112,326</u>	<u>\$ 117,989</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Taxes withheld or collected	\$ 1,177	\$ 46
Assets held for others	<u>56,570</u>	<u>38,070</u>
Total liabilities	57,747	38,116

**Net assets**

Unrestricted net assets	<u>54,579</u>	<u>79,873</u>
	<u>\$ 112,326</u>	<u>\$ 117,989</u>

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*See accompanying notes to financial statements.*

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

STATEMENTS OF ACTIVITIES – MODIFIED CASH BASIS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
<b>Revenues and support</b>		
Claims from Brown County Convention and Visitors Commission	\$ 693,500	\$ 693,500
Interest income	53	60
Visitor guide sales	895	375
Website and other promotional revenue	71,293	59,218
Other revenue	-0-	2,657
Total revenues and support	765,741	755,810
<b>Expenses</b>		
Leisure market program	352,832	387,824
Group market program	273	4,382
Communications public relations program	11,346	5,950
Professional development	6,157	7,513
Visitors center program	148,257	147,119
Total program expenses	518,865	552,788
Management and general	272,170	253,918
Total expenses	791,035	806,706
Change in net assets	(25,294)	(50,896)
<b>Net assets, beginning of year</b>	79,873	130,769
<b>Net assets, end of year</b>	\$ 54,579	\$ 79,873

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*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, 2015 AND 2014

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	2015	2014
<b>Operating activities</b>		
Change in net assets	\$ (25,294)	\$ (50,896)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,376	5,653
Gain on disposal of equipment	-0-	(273)
Changes in operating assets and liabilities:		
Restricted cash	(18,500)	19,239
Inventory	(753)	(1,220)
Taxes withheld or collected	1,131	22
Assets held for others	18,500	(19,239)
Net cash flows from operating activities	(19,540)	(46,714)
<b>Investing activities</b>		
Purchases of property and equipment	-0-	(9,203)
Proceeds on sale of equipment	-0-	400
Net cash flows from investing activities	-0-	(8,803)
Net change in cash	(19,540)	(55,517)
<b>Cash, beginning of year</b>	57,820	113,337
<b>Cash, end of year</b>	\$ 38,280	\$ 57,820

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*See accompanying notes to financial statements.*

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

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**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.

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, 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. The Organization also holds money received from a grant for maps of Brown County, which is 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.

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

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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 \$208,570 and \$242,165 for the years ended December 31, 2015 and 2014, 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. 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.

The Organization has filed its federal and state income tax returns for periods through December 31, 2014. 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, 2015 AND 2014

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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 1, 2016.

**2. PROPERTY AND EQUIPMENT**

A summary of property and equipment at December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 52,742	\$ 55,180
Leasehold improvements	<u>90,185</u>	<u>90,185</u>
	142,927	145,365
Less accumulated depreciation	<u>130,666</u>	<u>127,728</u>
	<u>\$ 12,261</u>	<u>\$ 17,637</u>

**3. OPERATING LEASES**

Non-cancellable operating leases for the building and various items of equipment expire in various years through October 2019. 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, 2015 and 2014 was \$57,561 and \$57,997, respectively.

Future minimum lease payments subsequent to December 31, 2015 are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 52,714
2017	52,236
2018	52,236
2019	3,530

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

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

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**4. RETIREMENT PLAN**

The Organization had a simplified employee pension plan covering employees 21 years of age or older with over one year of employment service. This Plan was discontinued and a 401(k) plan began January 1, 2015 with the same eligibility requirements. The board of directors of the Organization determines the amount of the Organization's matching contribution to the plan. Retirement plan expense was \$10,838 and \$8,614 for the years ended December 31, 2015 and 2014, 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 2015 and 2014, the Organization received 91 and 92 percent of its revenues from the Indiana Uniform County Innkeeper Tax, respectively.

**6. LINE OF CREDIT**

The Organization has a line-of-credit agreement with a bank in the amount of \$75,000, which matures December 2016. The line of credit bears interest at 1 percent over the banks' established prime rate. The applicable interest rate at December 31, 2015 was 4.5 percent. The line-of-credit agreement is secured by substantially all assets of the Organization. There were no outstanding borrowings under this line-of-credit agreement at December 31, 2015 and 2014.