

**TEXAS HILL COUNTRY RIVER REGION, INC.**

**ANNUAL FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

**FISCAL YEAR ENDED**

**DECEMBER 31, 2012**

**TEXAS HILL COUNTRY RIVER REGION, INC.**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Texas Hill Country River Region, Inc.

We have audited the accompanying statement of financial position of Texas Hill Country River Region, Inc. (a nonprofit organization) as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year 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 audit.

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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Hill Country River Region, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Coleman, Horton & Company, LLP*

Certified Public Accountants  
March 14, 2013

TEXAS HILL COUNTRY RIVER REGION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2012

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	<u>2012</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 147,842
HOT receivable	<u>41,004</u>
Total current assets	<u>188,846</u>
 TOTAL ASSETS	 <u>\$ 188,846</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	\$ 8,395
Payroll taxes payable	<u>1,977</u>
Total current liabilities	<u>10,372</u>
Total liabilities	<u>10,372</u>
Net assets:	
Unrestricted	<u>178,474</u>
Total net assets	<u>178,474</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 188,846</u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012

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	<u>2012</u>
UNRESTRICTED NET ASSETS	
Unrestricted revenues and gains	
Tax collections	\$ 353,972
Special events	12,495
Investment income	<u>168</u>
TOTAL UNRESTRICTED REVENUES AND GAINS	<u>366,635</u>
Expenses	
Program services	
Operating expenses	<u>353,722</u>
TOTAL EXPENSES	<u>353,722</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>12,913</u>
INCREASE IN NET ASSETS	12,913
NET ASSETS AT BEGINNING OF YEAR	<u>165,561</u>
NET ASSETS AT END OF YEAR	<u>\$ 178,474</u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2012

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	<u>2012</u>
	<u>Program</u>
	<u>Services</u>
Compensation and related expenses	
Salaries	\$ 78,320
Payroll taxes	<u>7,440</u>
	85,760
Advertising accounts	72,812
Associations, dues and subscriptions	5,412
Bank charges	850
Billboard advertising	7,809
Insurance	3,669
Legal and professional	6,975
Meals and entertainment	14
Office expense	5,494
Registration fees	476
Publications and brochures	2,444
Special events	123,595
Sponsorships	20,892
Storage unit	480
Telephone	3,320
Travel expenses	127
Video production	2,150
Website advertising	<u>11,443</u>
	<u>\$ 353,722</u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012

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	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 12,913
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets	
Taxes receivable	(12,969)
Inventory	5,714
Miscellaneous receivable	1,700
Increase (decrease) in operating liabilities	
Accounts payable	(319)
Payroll taxes payable	696
Sales tax payable	<u>(93)</u>
NET ASSETS PROVIDED BY OPERATING ACTIVITIES	<u>7,642</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,642
BEGINNING CASH AND CASH EQUIVALENTS	<u>140,200</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 147,842</u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Texas Hill Country River Region, Inc., (THCRR) is a not-for-profit voluntary community-based service organized to promote tourism and to attract conventions and visitors to Uvalde County. THCRR markets the Uvalde County area, through advertising and special events to bring tourism to Uvalde County. The majority of THCRR is financed through the collection of a local hotel/motel tax from area accommodations. Other current revenues are received from special events, such as Trout Days, River Rock Fest, and a Bicycle Classic that are sponsored by THRC to bring visitors to Uvalde County.

Basis of Accounting:

The Company prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Cash and Cash Equivalents:

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

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:

Texas Hill Country River Region, Inc. is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(6) and therefore has made no provision for Federal income taxes.

Inventories:

Inventories are stated at the lower of cost or market.

TEXAS HILL COUNTRY RIVER REGION, INC.  
NOTES TO FINANCIAL STATEMENTS

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NOTE 2. CONCENTRATION OF RISK

Texas Hill Country River Region, Inc. maintains bank accounts at one bank. Accounts at an insured financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for deposits. As of December 31, 2012, there were \$ -0- unsecured deposits.

THCRR depends on revenues generated in the Concan area. The majority of this revenue comes from visitors in the Concan area. Withdrawal or a reduction in this support would have a detrimental effect on the operations of the organization.

NOTE 3. RELATED PARTIES

In the normal course of business Texas Hill Country River Region, Inc. conducts routine transactions with Board members. None of the transactions, individually or in the aggregate, were considered material to the financial statements.

NOTE 4. DATE OF MANAGEMENT REVIEW

Subsequent events have been evaluated through March 14, 2013, the issue date of this report.