

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.

D/B/A BROWN COUNTY MUSIC CENTER

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

CPAs / ADVISORS



**BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER**

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Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Brown County Maple Leaf Management Group, Inc.
d/b/a Brown County Music Center
Nashville, Indiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Brown County Maple Leaf Management Group, Inc. d/b/a Brown County Music Center (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

REPORT OF INDEPENDENT AUDITORS (Continued)

Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and

REPORT OF INDEPENDENT AUDITORS (Continued)

was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the *Government Auditing Standards* internal control over financial reporting and compliance.

Blue & Co., LLC

Seymour, Indiana
August 12, 2022

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

Cash and cash equivalents	\$ 1,295,219
Cash restricted for capital improvement account	1,000,024
Accounts receivable	27,591
Prepaid performance expenses and other assets	46,083
Equipment, net	<u>365,977</u>
	<u><u>\$ 2,734,894</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 259,451
Accrued payroll and other liabilities	24,532
Deferred revenue	704,640
Refundable advance	610,837
Capital lease obligation	158,614
Note payable - Economic Injury Disaster Loan (EIDL)	<u>150,000</u>
	1,908,074
Net assets	
Without donor restrictions	<u>826,820</u>
	<u><u>\$ 2,734,894</u></u>

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER

STATEMENT OF ACTIVITIES
DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Revenues:			
Ticket sales	\$ 1,373,987	\$ -0-	\$ 1,373,987
Ticket Master signing bonus	22,000	-0-	22,000
Ticket Master fees	46,714	-0-	46,714
Concession commission	109,735	-0-	109,735
Merchandise commission	19,622	-0-	19,622
Facility rental	44,212	-0-	44,212
Other income	845	-0-	845
Support:			
Government grants	99,232	2,126,846	2,226,078
Net assets released from restrictions	<u>2,126,846</u>	<u>(2,126,846)</u>	<u>-0-</u>
Total revenues and support	3,843,193	-0-	3,843,193
Expenses			
Program services	1,760,438	-0-	1,760,438
Management and general			
Operations	293,833	-0-	293,833
Transfers to county for mortgage payments (Note 2)	<u>573,443</u>	<u>-0-</u>	<u>573,443</u>
Total management and general	<u>867,276</u>	<u>-0-</u>	<u>867,276</u>
Total expenses	<u>2,627,714</u>	<u>-0-</u>	<u>2,627,714</u>
Change in net assets	1,215,479	-0-	1,215,479
Net assets, beginning of year	<u>(388,659)</u>	<u>-0-</u>	<u>(388,659)</u>
Net assets, end of year	<u><u>\$ 826,820</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 826,820</u></u>

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER

STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2021

	Events	Management & General	Total
	<u> </u>	<u> </u>	<u> </u>
Artist fees	\$ 909,565	\$ -0-	\$ 909,565
Wages and employer taxes	204,856	127,305	332,161
Advertising and promotional	149,258	7,856	157,114
Facility	79,954	8,884	88,838
Booking fees	68,750	-0-	68,750
Shuttle services	23,729	-0-	23,729
Repairs and maintenance	57,646	6,405	64,051
Office supplies	-0-	11,402	11,402
Insurance	41,836	13,945	55,781
Legal and professional	4,941	19,764	24,705
Licenses and fees	26,101	-0-	26,101
Depreciation	41,586	4,621	46,207
Utilities	85,602	9,511	95,113
Payment in lieu of taxes	-0-	54,000	54,000
Contract labor	3,560	396	3,956
Bank fees	-0-	15,772	15,772
Travel	-0-	7,713	7,713
Dues and subscriptions	13,685	-0-	13,685
Rental expense	36,864	4,096	40,960
Interest expense	12,505	1,389	13,894
Transfers to county (Note 2)	-0-	573,443	573,443
Miscellaneous	<u>-0-</u>	<u>774</u>	<u>774</u>
Total Expenses	<u>\$ 1,760,438</u>	<u>\$ 867,276</u>	<u>\$ 2,627,714</u>

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER

STATEMENT OF CASH FLOWS
DECEMBER 31, 2021

Operating activities

Change in net assets	\$ 1,215,479
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	46,207
Change in assets and liabilities:	
Accounts receivable	214,669
Prepaid performance expenses and other assets	25,842
Accounts payable	89,239
Accrued payroll and other liabilities	22,355
Deferred revenue	(171,918)
Refundable advance	610,837
Net cash flows from operating activities	<u>2,052,710</u>

Financing activities

Principal payments on capital lease	<u>(15,598)</u>
Net change in cash	2,037,112

Cash and restricted cash, beginning of year 258,131

Cash and restricted cash, end of year \$ 2,295,243

Included in the statement of financial position as:

Cash	\$ 1,295,219
Cash restricted for capital improvement account	<u>1,000,024</u>
Total cash and restricted cash, end of year	<u><u>\$ 2,295,243</u></u>

Supplemental disclosures of cash flow information

Cash paid during the year for:	
Interest	\$ 13,894

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Brown County Maple Leaf Management Group, Inc. d/b/a Brown County Music Center (the "Organization") is a not-for-profit entity which was formed in March 2018. The Organization's purpose is to develop, manage, and promote the Brown County Music Center venue in accordance with a contract between the Brown County Maple Leaf Building Corporation (the "Building Corporation"), the County, and the Brown County Convention and Visitors Commission (the "CVC"). See additional details of this contract in Note 2. The Organization filed a DBA on September 2, 2020 and transacts business under the assumed name of Brown County Music Center.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

- *Net assets without donor restrictions:* Net assets without donor restrictions are resources available to support operations. The only limits on the use of such net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others entered into in the course of its operations.
- *Net assets with donor restrictions:* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. There are no net assets with donor restrictions at December 31, 2021.

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, support and expenses. Actual results could vary from the estimates that were used.

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents consist primarily of money market investments.

Restricted cash consists of funds required for a capital improvement account fund, as defined under the terms of the Management Contract (see Note 2).

Accounts Receivable

Accounts receivable (contract receivables) primarily arise from food and beverage commission proceeds that are managed by another company and credit card ticket sales. Accounts receivable are stated at the amount billed or net invoice amounts. Delinquent receivables are written off based on specific circumstances of the customer.

Management estimates an allowance for doubtful accounts receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to the Organization's customer base. There was no allowance for doubtful accounts at December 31, 2021. At December 31, 2021 and January 1, 2021, accounts receivable had a balance of \$27,591 and \$242,260, respectively.

Prepaid Performance Expenses and Other Assets

Prepaid performance expenses relate to expenditures for future show performances that were purchased during the year ended December 31, 2021. These expenditures are recognized when the related performance occurs.

Equipment

Equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

The equipment of the Organization is being depreciated over its estimated useful lives of ten years using the straight-line method. Depreciation expense for the year ended December 31, 2021 was \$46,207.

Deferred Revenues

Deferred revenues of \$605,239 are considered a contract liability and relate to performance revenues received during the year ended December 31, 2021 for performances to be held subsequent to year-end. The January 1, 2021 balance for this contract liability was \$739,506.

Deferred revenues of \$94,201 are considered a contract liability and relate to advance payments received from Ticket Master during the year ended December 31, 2021 that will be recognized over the terms of the related contract. The January 1, 2021 balance for this contract liability was \$131,852.

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NOTES TO FINANCIAL STATEMENTS
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Additional deferred revenues of \$5,200 are considered a contract liability and relate to advance payments received during the year ended December 31, 2021 for advertising services to be performed subsequent to year-end. The January 1, 2021 balance for this contract liability was \$5,200.

Refundable Advance

The Shuttered Venue Operators Grant (SVOG) Program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, amended by the American Rescue Plan Act. The SVOG covers eligible entities such as live venue operators or promoters, theatrical producers, live performing arts organization operators, museum operators, motion picture theater operators or owners, and talent representatives. Grants under the SVOG may be up to 45% of an eligible entity's gross revenues earned with a maximum amount available for a single award of \$10,000,000. The SVOG covers qualified lost revenues and expenses as defined by the SVOG guidance.

During the year ended December 31, 2021, the Organization received \$2,737,683 in SVOG funding. Qualifying expenses incurred through December 31, 2021 were \$2,126,846, and corresponding government grant revenues were recorded in the statement of activities for the year then ended. At December 31, 2021, remaining amounts under this grant of \$610,837 represent amounts received in advance for which barriers have not yet been met. It is anticipated this revenue will be recognized during 2022.

Revenue and Support Recognition

Ticket sales are revenue from contracts with customers and are recognized at a point in time once the performance or event has occurred. Advance Ticket Master proceeds are revenue from contracts and are recognized over the period of the related contract. Concession and merchandise commission are revenue from contracts and are recognized at a point in time as the related goods are sold or services are performed and transferred to customers. Advertising revenue is recognized over time throughout the period the advertisements are utilized.

Generally, the transaction price in contracts is known at inception and is allocated to the performance obligations based upon the stand-alone selling prices of the promised goods or services. The Organization recognizes any incremental costs to obtain a contract as an expense when incurred as these costs are not material and would be amortized over a period less than one year if recognized.

The Organization does not enter into contracts in which the period between the transfer of goods or services to the customer and payment by the customer is greater than one year. Therefore, the Organization has elected a practical expedient in which consideration amounts are not adjusted for the time value of money.

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
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DECEMBER 31, 2021

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

All other revenue is recognized when earned and is reported as an increase in net assets without donor restrictions.

Advertising

Advertising costs are expensed by the Organization as incurred and total \$157,114 for the year ended December 31, 2021.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to events or supporting functions (management and general) of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Wages and employer taxes, advertising and promotional, facility, repairs and maintenance, insurance, legal and professional, utilities, contract labor, dues and subscriptions, and rental expense are allocated on the basis of estimates of time, usage, and effort. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The Organization has applied for its tax exempt status under Section 501(c)(4) of the United States Internal Revenue Code, which allows organizations 27 months to file their application and retroactively apply their tax exempt status to cover all of their previous operational activity. This filing was received by the Internal Revenue Service on September 2, 2020. While the Organization has not received a determination letter from the Internal Revenue Service as of December 31, 2021, management believes that it is operating as a not-for-profit corporation as described in Section 501(c)(4) of the United States Internal Revenue Code and its related operations qualify as exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
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DECEMBER 31, 2021

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.

Recently Issued Accounting Standards

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. This new standard, which the Organization is required to adopt during its year ending December 31, 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

On June 17, 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (Topic 326). This new standard, which the Organization is not required to adopt until its year ending December 31, 2023, is intended to improve financial reporting about expected credit losses on financial assets by requiring entities to use the new current expected credit loss approach that will generally result in earlier recognition of allowances for credit losses. The standard also requires a formal process to estimate current expected credit losses and will require specific, supporting calculations of the allowance for doubtful accounts supported by the formal process.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

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 were available to be issued, which was August 12, 2022.

2. MANAGEMENT CONTRACT

The Organization manages the Brown County Music Center venue under the terms of an agreement with the Building Corporation, County, and CVC. The agreement provides funding from two mortgage note series issued from the Building Corporation in the aggregate principal amount of \$12,500,000 for the purpose of providing funds to pay the cost of acquisition, design, construction, equipping, and furnishing of a new music venue and performing arts center. These mortgage notes are secured by a mortgage security agreement between the Building

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Corporation and a bank. The County is required to pay monthly installment payments of principal and interest to the Building Corporation to purchase the venue. Portions of the net operating revenues generated from events held at the Brown County Music Center and managed by the Organization are transferred to the County for these installment payments. To the extent that net operating revenue is insufficient to cover the payments, innkeeper's tax revenues pledged by the CVC will be transferred to the County. Since the County retains ownership of the building, equipment, and furnishings related to the Brown County Music Center, the \$12,500,000 is paid directly to vendors and these transactions are not recorded by the Organization as revenue or expense.

Additionally, should the Organization have any excess revenues at the end of their annual operations as defined by the agreement, the excess revenues will be deposited into an excess revenue fund to be held by the Organization. These funds shall be used first to create a capital improvement account up to one million dollars, second to reimburse CVC for any amounts paid from the innkeeper's tax previously to the extent requested, third to contribute 75% of remaining excess revenues per calendar year to the Brown County Community Foundation, and finally all remainder distributed to the County to be used for any purpose permitted by law.

Effective November 23, 2021, the First Amendment to this agreement was executed which extended the interest-only payment period and the maturity date of the two aforementioned mortgage series notes due to economic circumstances created by the COVID-19 pandemic. The interest only payments were extended until January 28, 2022 and maturity date of the notes was extended to March 28, 2051. Additionally, it now allows the capital improvement account to not only be used for the purpose of capital improvements, but also to be used for refund of ticket purchases and payments of costs to cover operating losses as long as the Organization is not in default under the installment payments to the County.

During 2021, the Organization transferred \$573,443 to the County related to these installment payments.

3. EQUIPMENT

Equipment consists of the following at December 31, 2021:

Equipment	\$ 462,069
Less accumulated depreciation	<u>(96,092)</u>
	<u>\$ 365,977</u>

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
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NOTES TO FINANCIAL STATEMENTS
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4. CAPITAL LEASE OBLIGATION

The Organization has a capital lease in place for equipment. This lease requires monthly payments of \$2,458 through July 2029.

Following is a summary of assets held under a capital lease at December 31, 2021:

Equipment	\$ 195,069
Accumulated depreciation	<u>47,142</u>
	<u>\$ 147,927</u>

The Organization recognized \$19,507 amortization of equipment under this capital lease in depreciation expense during the year ended December 31, 2021.

Future minimum future lease payments at December 31, 2021 required under this capital lease are summarized below:

Year Ending December 31,	
2022	\$ 29,492
2023	29,492
2024	29,492
2025	29,492
2026	29,492
Thereafter	<u>76,189</u>
Total minimum lease payments	223,649
Less: amount representing interest	<u>65,035</u>
Present value of net minimum lease payments	<u>\$ 158,614</u>

5. NOTE PAYABLE - EIDL

On June 5, 2020, the Organization received a low interest loan in the amount of \$150,000 under the Economic Injury Disaster Loan (EIDL) program administered by the Small Business Administration (SBA). The loan is secured by substantially all assets of the Organization. The loan is payable in equal monthly installments of principal and interest of \$641 to be paid beginning June 2022 through maturity in May 2050, if not paid sooner. The loan bears interest at 2.75% and the use of loan proceeds is strictly for working capital to alleviate economic injury caused by the COVID-19 pandemic. Given deferments granted by the SBA on when required

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payments begin, interest accrues and will be paid first when payments begin in June 2022. Therefore, principal payments do not begin until fiscal 2024.

Annual maturities of this term debt are as follows as of December 31, 2021:

Year Ending December 31,	
2024	\$ 834
2025	3,636
2026	3,737
Thereafter	141,793
	<u>\$ 150,000</u>

6. LIQUIDITY AND AVAILABILITY

The Organization manages its liquid resources to meet the cash needs for operations. The Organization defines liquid assets as cash and cash equivalents and accounts receivable that are not subject to donor or other contractual restrictions (this excludes cash restricted for building improvement account). Financial assets available for general expenditures within one year of the statement of financial position date comprise of the following as of December 31, 2021:

Cash	\$ 1,295,219
Accounts receivable	<u>27,591</u>
	<u>\$ 1,322,810</u>

7. PAYCHECK PROTECTION PROGRAM

On March 23, 2021, the Organization received a low interest loan in the amount of \$89,177 under the Paycheck Protection Program (PPP) administered by the SBA. The PPP loan is unsecured, bears interest at 1% and funds advanced under the program are subject to forgiveness, if certain criteria were met, with the remaining balance repayable within five years of disbursement. The PPP loan may be forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities, and interest costs during the covered period as defined by the PPP guidance. In addition, employers must maintain specified employment and wage levels during the pandemic and submit adequate documentation of such expenditures to qualify for loan forgiveness.

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
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On September 17, 2021, the Organization was legally released by its creditor and notified by the SBA its loan had been forgiven. The total loan amount of \$89,177 is recognized as government grants in the statement of activities for the year ended December 31, 2021.

8. CONCENTRATIONS

The Organization maintains its cash and cash equivalents in bank deposit accounts which regularly exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

During 2021, the Organization received 55% of its revenue and support from the SBA Shuttered Venue Operators Grant (Note 1).

9. CONTINGENCY

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, shortages of personnel, shortages of supplies, and increased demand for services, delays, loss of, or reduction to, revenue and funding. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

**ADDITIONAL REPORTS AND INFORMATION REQUIRED UNDER
SINGLE AUDIT ACT**



Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Brown County Maple Leaf Management Group, Inc.
d/b/a Brown County Music Center
Nashville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brown County Maple Leaf Management Group, Inc. d/b/a Brown County Music Center (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 12, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Seymour, Indiana
August 12, 2022



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Brown County Maple Leaf Management Group, Inc.
d/b/a Brown County Music Center
Nashville, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brown County Maple Leaf Management Group, Inc. d/b/a Brown County Music Center's (the "Organization's") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)**

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)**

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blue & Co., LLC

Carmel, Indiana
August 12, 2022

**BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
59.075	Shuttered Venue Operators Grant
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

None Reported

BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER

SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

N/A

SUPPLEMENTARY INFORMATION

**BROWN COUNTY MAPLE LEAF MANAGEMENT GROUP, INC.
D/B/A BROWN COUNTY MUSIC CENTER**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Award Number/ Pass-Through Entity Identifying Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Small Business Administration				
Shuttered Venue Operators Grant	59.075	SBAHQ21SV001165.2	\$ -0-	<u>\$ 2,126,846</u>

Note 1 - Basis of Presentation

The above Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Brown County Maple Leaf Management Group, Inc. (the "Organization") for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.