A Letter From the President

It is with great pleasure that I present you with the 2012 BBB Annual Report, which provides a snapshot of your BBB for the past year.

2012 was a big year for the Better Business Bureau serving Louisville, Southern Indiana and Western Kentucky. This BBB continued to control its expenses and increase revenues, achieving record-high gross income and net income during 2012. BBB maintained high member retention and increased the number of BBB Accredited Businesses to 3,886.

This BBB delivered more than 810,000 BBB Business Reviews during the past twelve months.

In 2012, BBB was also able to begin a much-needed renovation on its building. The work has been ongoing during the beginning of 2013. When the renovation is complete, workers will have a better environment to work in, and the building will no longer look like it is stuck in the 1960’s!

On behalf of your BBB, I thank you for your continued support and want you to know that I am committed to serving businesses and consumers in our area.

Sincerely,

President/CEO
Better Business Bureau serving Louisville, Southern Indiana, and Western Kentucky

Mission: To be the leader in advancing marketplace trust.
Vision: An ethical marketplace where buyers and sellers can trust each other.
2012 Statistics

Top Ten Inquired About Industries

1. Roofing Contractors 71,095
2. Heating & Air Conditioning 17,660
3. Auto Dealers - Used Cars 17,086
4. Mortgages 16,590
5. Auto Dealers - New Cars 12,079
6. Auto Repair & Service 11,733
7. Plumbing Contractors 10,993
8. Contractors - General 10,863
9. Construction & Remodeling 10,588
10. Home Improvements 10,411

Top Ten Complained About Industries

1. Appliances-Major-Wholesale & Manufacture 337
2. Hospitalization, Medical & Surgical Plans 330
3. Auto Dealers - New Cars 222
4. Roofing Contractors 217
5. Auto Dealers - Used Cars 204
6. Cable Tv, Internet & Telephone Install 148
7. Restaurants 144
8. Apartments 115
9. Credit Card Processing Service 115
10. Appliances-Small-Supplies & Parts 100

Top Ten Scams in 2012

1. Sandy Hook Charity Scam
2. Overpayment/Fake Check Scam
3. Grandparent Scam
4. Mystery Shopping
5. Nonexistent Loans
6. Obama will Pay your Utility Bill
7. Jamaican Phone Lottery
8. Fake Facebook and Tweets
9. Storm Chasers
10. Counterfeitors

2012 Instances of Service Breakdown

Ad Review Cases Closed: 49
Arbitration Cases Closed: 2
Business Reports: Web 792,666
Business Reports: Website Link Clicked: 43,081
Business Report: Verbal 13,453
Request-A-Quote Requests: 2,494
Number of Complaints Closed: 7,066
2012 Statistics
(Google Analytics)

**BBB Website Visits**
810,566 in 2012
Pageviews: 2,103,855
596,265 in 2011
Pageviews: 1,875,972
518,134 in 2010
Pageviews: 1,715,288
386,490 in 2009
Pageviews: 1,404,467
225,412 in 2008
Pageviews: 1,254,877

**2012 Traffic Sources Overview**
- 69.9% Search Traffic
- 14.9% Referral Traffic
- 15.2% Direct Traffic

**Operating Systems:**
- Jan 1, 2012 - Dec 31, 2012
  - iOS visits: 65,826
  - Android visits: 43,821
  - iPhone visits: 16,327
  - iPad visits: 13,011
  - BlackBerry visits: 1,363
  - Windows Phone Visits: 711
- Jan 1, 2011 - Dec 31, 2011
  - iPhone visits: 14,284
  - Android visits: 13,230
  - iPad visits: 9,499
  - iPod visits: 854
  - BlackBerry visits: 749

**Website Visits Via Mobile:**
- 2012 - 142,045
- 2011 - 38,930
- 2010 - 3,795
- 2009 - 211

**Duration of Visits:**
- 0 - 10 seconds: 500,727
- 11 - 30 seconds: 47,801
- 31 - 60 seconds: 57,985
- 61 - 180 seconds: 95,472
- 181 - 600 seconds: 69,159
- 601 - 1800 seconds: 31,219
- 1801+ seconds: 8,203

**Demographics (top 5 cities):**
- Jan 1, 2012- Dec 31, 2012
  - Louisville visits: 213,681
  - Jefferson County visits: 42,396
  - Chicago visits: 24,846
  - Elizabethtown visits: 13,654
  - New Albany visits: 13,411
- Jan 1, 2011 - Dec 31, 2011
  - Louisville visits: 141,925
  - Jefferson County visits: 54,281
  - Elizabethtown visits: 11,651
  - Chicago visits: 11,220
  - Jeffersonville visits: 10,857

**2012 Demographics:**
- Ages 18 - 24 - 27.5%
- Ages 25 - 34 - 33.5%
- Ages 35 - 44 - 15.5%
- Ages 45 - 54 - 12.5%
- Ages 55 - 64 - 5.5%
- Ages 65+ - 5.5%
- Female: 45.85% Male: 54.15%

**Interests of Visitors:**
- Running & Walking
- Computers & Electronics
- Cycling
- Food & Drinks
- Travel/Tourist Destinations

Most visitors used the browser, Internet Explorer, followed by Safari, and Firefox.
### Number of Accredited Businesses

**Total AB's December 2012:** 3,886

**Total AB's December 2011:** 3,542

### BBB Inc. Financial Snapshot

**Year Ended December 31, 2012**

<table>
<thead>
<tr>
<th>Revenues, gains, and other support:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Dues</td>
<td>$1,605,810</td>
</tr>
<tr>
<td>Service Income</td>
<td>$223,030</td>
</tr>
<tr>
<td>Contributions</td>
<td>$12,233</td>
</tr>
<tr>
<td>Torch Awards</td>
<td>$18,765</td>
</tr>
<tr>
<td>Golf Scramble net of direct expenses</td>
<td>$24,143</td>
</tr>
<tr>
<td>Enrollment fees</td>
<td>$20,625</td>
</tr>
<tr>
<td>In-kind donations</td>
<td>$8,432</td>
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<tr>
<td>Other income</td>
<td>$95,714</td>
</tr>
<tr>
<td>Grant income</td>
<td>$5,000</td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>$6,630</td>
</tr>
<tr>
<td>Investment income</td>
<td>$5,917</td>
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<tr>
<td><strong>Total:</strong></td>
<td><strong>$2,026,299</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
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</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>$1,698,049</td>
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<tr>
<td>Management and general</td>
<td>$157,079</td>
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<tr>
<td>Fundraising</td>
<td>$15,377</td>
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<tr>
<td><strong>Total:</strong></td>
<td><strong>$1,870,505</strong></td>
</tr>
<tr>
<td>Increase in Net Assets</td>
<td>$155,794</td>
</tr>
<tr>
<td>Net Assets, beginning of year</td>
<td>$663,587</td>
</tr>
<tr>
<td>Net Assets, end of year</td>
<td>$819,381</td>
</tr>
</tbody>
</table>

Increase in Net Assets: $155,794

Net Assets, beginning of year: $663,587

Net Assets, end of year: $819,381
2012 Accredited Business Benefits

**BBB Reliability Reports:** Encourage potential customers to view your BBB Reliability Report at www.louisville.bbb.org to show them your business adheres to BBB’s Standards For Trust.

**BBBOnline Seal:** Properly adding BBB’s approval online seal not only allows consumers to identify you as a BBB Accredited Business and click through to view your report, it may also help increase your website’s search engine optimization.

**Internet Presence for Your Company:** Each BBB member is provided a page in the online Member Mall, www.wisebuyingmall.com, which can be used to let potential customers know what you do, where you are, which credit cards you accept, etc. Even companies with websites find that their search engine results improve when they have a WiseBuyingMall page.

**Membership Roster:** Twice a year the BBB distributes the *Wise Buying Guide*, a “yellow pages” style publication that lists accredited businesses alphabetically and by type of business. Winter and Summer editions bring the total distributed to 90,000.

**Request-A-Quote Program:** Consumers visiting www.louisville.bbb.org can request bids from BBB Accredited Businesses in a particular industry and zip code. Once a bid is submitted, the customer’s contact information is e-mailed to the BBB Accredited Business in the industry the customer selected.

**BBB Business Alerts:** These electronic newsletters keep businesses up-to-date on the latest business scams and bad businesses hitting the area.

**BBB Newsletter:** This bi-monthly newsletter features valuable information about BBB programs and services, timely business tips, scams, and new Accredited Businesses.

**Social Media:** Stay on top of BBB news and alerts through Facebook and Twitter.

**Health Insurance Discount:** BluegrassSelect, the BBB association health insurance plan offered through Bluegrass Family Health, provides member businesses with 2 - 50 employees another option when searching for affordable health insurance.

**Dispute Resolution:** BBB can help your business resolve disputes fairly and without expensive litigation through our conciliation, mediation, and arbitration services.

**Advertising Review:** The BBB Code of Advertising closely tracks FTC advertising regulations. BBB can review your advertising based on this code to help you avoid federal regulatory sanctions.

To learn more about these and additional BBB benefits call (502) 588-0075.
Visibility

BBB spreads the word about how to “START WITH TRUST” through...

Events and Trade Shows
The BBB reaches hundreds of thousands of consumers each year by participating in several events and trade shows. Some of these events include the Kentucky State Fair, Bowling Green Fair, and the Louisville Home, Garden and Remodeling Show.

Speaking Engagements
BBB staff reaches out to businesses, senior citizens, and high school students through speaking engagements. BBB educates consumers on wise buying and wise giving practices and shares information on the latest scams.

New Technology
BBB Accredited Business Locator - A free browser plug-in shows the BBB seal next to any AB when the company appears in a search result on Google, Yahoo!, and Bing.

Media
BBB reaches out to local media via press releases, newspaper articles, tv interviews, and does live interviews on the radio.

2012 Exposure
423 media mentions on TV, newspapers, and online. (this does not reflect radio, nor does it reflect all media mentions)

400+ times BBB employees spoke and attended various community events

90,000 copies of the BBB Wise Buying Guide were distributed

Social Media
Find us on Facebook, Twitter, LinkedIn, and YouTube. Search for Louisville BBB.
2012 - 2013 BBB Board of Directors

**Officers/Executive Committee:**

**Chairperson:** Gary Haupt, President, Tri-CountyFord-Mercury, Inc.

**Chair-Elect:** Mike Anderson, VP Corporate Finance/Treasurer, Churchill Downs, Inc.

**Vice Chair/Business & Consumer Affairs:** Patrick Sterling, Director of Risk and Administration, Texas Roadhouse

**Vice Chair/Membership & Marketing:** Steve Ramser, President, Highland Roofing Company

**Vice Chair/Budget, Finance, Audit & Personnel/Treasurer:** Jeff Lilly, VP/Finance & Operations, Kosair Children’s Hospital

**Chairperson/Bowling Green Business Advisory Committee:** Thomas Smith, President/CEO, American Bank & Trust Co.

**Chairperson/Lincoln Trail Business Advisory Committee:** Keith Johnson, President, First Federal Savings Bank

**Secretary:** Greg Heitzman, President, Louisville Water Company

**President/CEO BBB:** Charles B. Mattingly

**Legal Counsel:** Michael Risley, Esq., Partner/Stites & Harbison

**Immediate Past Chair:** H. Powell Starks, Member, Frost Brown Todd, LLC

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**Members of the Board:**

Sharon Board, Chemco Federal Credit Union

William Burns, Jr., Aristocrat Realty, LLC

Randy Coe, Kosair Charities

Ken Cusick, Kroger Company

Nick Dorsey, Champion Window Company of Louisville, LLC

Vern Eswine, The Marketing Company

Jan Gordan, Spencerian College

Ann Gregory, The Door Store and Windows

Laverne Heck, Laverne Heck Realtor

Greg Hoover, A. Arnold World Class Relocation

Sharon Kerrick, PhD, U of L College of Business

Pam Gibson Longwell, Feeders Supply Company, Inc.

Michael McClain, Ballinger McClain PLLC

David Nash, Duplicator Sales and Service, Inc.

Linda Owen, Highlands Family-Owned Funeral Home, Inc.

Maria Smith, Harbor House of Louisville

Sam Sorsa, Brown-Forman

Raymond Strothman, Strothman & Company, PSC
**About the Foundation**

The BBB Consumer Education Foundation is a 501 (c)(3) non-profit organization established in 1974 to further the charitable and educational purposes of the Better Business Bureau serving Louisville, Western Kentucky, and Southern Indiana. CEF’s major areas of focus include educating consumers on marketplace issues and working with local charitable organizations to promote standards for charitable accountability. The officers and directors of CEF are appointed annually by the BBB.

**Mission:**

The foundation’s mission is to provide educational programs and services that advance CEF’s charitable purpose and support the Better Business Bureau in its efforts to educate and inform consumers and to encourage charity accountability and wise giving practices.

**Officers for 2012 - 2013 (CEF is governed by a Board appointed by BBB):**

- **Chairperson:** Gary Haupt, President, Tri-CountyFord-Mercury, Inc.
- **Chair-Elect:** Mike Anderson, VP Corporate Finance/Treasurer, Churchill Downs, Inc.
- **Treasurer:** eff Lilly, VP/Finance & Operations, Kosair Children’s Hospital
- **Secretary:** Greg Heitzman, President, Louisville Water Company
- **President/CEO BBB:** Charles B. Mattingly

**Board members for 2011 - 2012**

Keith Johnson, President, First Federal Savings Bank
H. Powell Starks, Member, Frost Brown Todd, LLC
Stephen Ramser, President, Highland Roofing Company
Thomas Smith, President/CEO, American Bank & Trust
Patrick Sterling, Director of Risk and Administration, Texas Roadhouse

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**Finances - BBB CEF**

for year ended December 31, 2012

<table>
<thead>
<tr>
<th>CURRENT ASSETS</th>
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<tbody>
<tr>
<td>Cash</td>
<td>$145,730</td>
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<tr>
<td>Cash, scholarship fund</td>
<td>$1,351</td>
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<tr>
<td>Receivable from related party</td>
<td>$5,689</td>
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<tr>
<td>Total Current Assets:</td>
<td>$152,770</td>
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<table>
<thead>
<tr>
<th>PROPERTY AND EQUIPMENT</th>
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<tbody>
<tr>
<td>Building and Improvements</td>
<td>$332,913</td>
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<tr>
<td>Construction in Progress</td>
<td>$171,695</td>
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<tr>
<td>Total</td>
<td>$504,608</td>
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<tr>
<td>Less accumulated depreciation</td>
<td>$250,243</td>
</tr>
<tr>
<td>Total</td>
<td>$254,365</td>
</tr>
<tr>
<td>Total</td>
<td>$407,135</td>
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</table>

<table>
<thead>
<tr>
<th>CURRENT LIABILITIES</th>
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<tbody>
<tr>
<td>Current portion of long term debt</td>
<td>$13,360</td>
</tr>
<tr>
<td>Payable to related party</td>
<td>$84,953</td>
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<tr>
<td>Total current liabilities</td>
<td>$281,840</td>
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<table>
<thead>
<tr>
<th>NET ASSETS, UNRESTRICTED</th>
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</thead>
<tbody>
<tr>
<td>Undesignated</td>
<td>$123,944</td>
</tr>
<tr>
<td>Board Designated - Scholarship fund</td>
<td>$1,351</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$125,295</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$407,135</td>
</tr>
</tbody>
</table>
Senior Citizen Solutions and Scams - The BBB recognizes that Older Americans are the fastest growing segment of the population to be victimized by identity fraud and Internet schemes. To protect elderly consumers, CEF has developed presentations and written literature to provide elderly consumers with information on recognizing and preventing fraud. Topics covered include foreign lotteries, home repair scams, phishing, telemarketing schemes, phony charities and discount medical plans. Presentations offered on request.

Identity Theft Seminars - As one of the fastest growing white-collar crimes in the US, consumers frequently contact the BBB with questions regarding this crime. To assist in educating consumers, CEF, in conjunction with the Council of Better Business Bureaus, has developed presentations on the topic of ID theft, including how to prevent it and what steps consumers can take should they become a victim. Presentations offered on request.

Elder Contract Review - Through a partnership with the University Of Louisville School Of Law senior citizens can obtain advice on contract issues from U of L law students.

Credit Clues - A new program established in 2007 designed to provide the most reliable and current information to consumers about the correct avenues to take, as well as those to avoid, when attempting to use, build, and most importantly, repair credit. Written materials and a CD are available by request.

Expos and Trade Shows - In an effort to interact with consumers and businesses seeking information or services, CEF develops and distributes marketing, promotional and educational materials at local expos, trade shows and other community gatherings to increase awareness of BBB services and to educate consumers on a variety of topics affecting the marketplace. Major events in 2011 included the Garden and Home Expo and the Kentucky State Fair.

Stop Shoplifting - This program is a joint initiative of the BBB and the Jefferson County Attorney’s Office. The program is an opportunity for first time shoplifting offenders to learn about shoplifting and its potential impact on their lives. The purpose of the class is to prevent future shoplifting.

Golf Scramble - The BBB Golf Scramble is CEF’s biggest fundraiser of the year. The event, which includes team sponsorships, hole sponsors, and a silent auction, raises money for the BBB Storefront at Junior Achievement BizTown and other CEF programs and activities.

BBB Storefront in Junior Achievement’s BizTown - JA Biztown is a simulated town made up of 16 storefronts, sponsored by local businesses. Students experience the free enterprise system by working in these simulated businesses. With a variety of hands-on activities, students realize the correlation between what they learn in school and their participation in a simulated economy. Operating out of the BBB storefront, BBB student reps also conduct evaluations of each business in the town and also provide the opportunity for consumers to file complaints or inquire about a business. The BBB storefront educates the younger generation on the importance of ethics in the marketplace and the use of BBB services.

2012 Program Highlights
Established in 2002, the Charity Review Service is the donor information program of the BBB. The mission of the Charity Review Service (CRS) is to promote public confidence in local charities and encourage charitable giving. CRS provides the public with information on specific charities and wise giving practices and also advises charities on how to meet and maintain high ethical standards of operation.

Each year CRS reviews financial statements, tax filings, annual reports, solicitation materials, direct mail pieces, and special event information of local charities. Based on this information, provided by the charity or obtained from other public sources, CRS determines if a charity meets the Better Business Bureau’s Standards for Charity Accountability. CRS then produces a report with its determination and summary of the charity’s mission, programs, governance and key financial information. Charity reports are generally updated at two year intervals. Charities are provided with the opportunity to review and comment on draft reports (prior to posting) and to update reports in the interim year.

CRS reports are available on the local BBB website at www.louisville.bbb.org or by calling 502-588-0033. You may also request a copy of a report by sending a written request to: Charity Review Service, Better Business Bureau, 844 S. Fourth Street, Louisville, KY 40203.

The charity review process that is implemented locally was developed by the BBB Wise Giving Alliance which is the charity review affiliate of the national Council of Better Business Bureaus. The WGA reviews and reports on charities that conduct fund raising in a number of states and that operate programs that are national in scope. You can find additional background on charity review and access national reports on the WGA website at www.give.org or by contacting them at BBB Wise Giving Alliance, 4200 Wilson Boulevard, Suite 800, Arlington, VA 22203 or by telephone at 703-276-0100.