

**CONVENTION AND VISTORS' BUREAU
HANCOCK COUNTY
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2005 AND 2004**



**Auditor of State
Betty Montgomery**

Board of Trustees
Hancock County Convention and Visitors' Bureau
123 East Main Cross Street
Findlay, Ohio 45840

We have reviewed the *Independent Auditor's Report* of the Hancock County Convention and Visitors' Bureau prepared by Pry Professional Group, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hancock County Convention and Visitors' Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 21, 2006

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**CONVENTION AND VISITORS' BUREAU, HANCOCK COUNTY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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INDEPENDENT AUDITOR'S REPORT

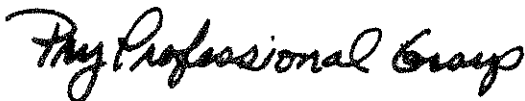
To the Board of Trustees of
Convention and Visitors' Bureau
Hancock County
Findlay, OH 45840

We have audited the accompanying financial statements of the Convention and Visitors' Bureau, Hancock County, (a division of a nonprofit organization) as of and for the years ended December 31, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Convention and Visitors' Bureau, Hancock County, as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2006, on our consideration of the Convention and Visitors' Bureau, Hancock County's internal control over financial reporting and our tests of its compliances and other matters with certain provisions of laws, regulation, contracts, and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Pry Professional Group
April 3, 2006

CONVENTION AND VISITORS' BUREAU, HANCOCK COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2005 AND 2004

	2005	2004
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 140,204	\$ 69,925
Accounts Receivable	1,417	
Accounts Receivable - Hotel/Motel Taxes	71,542	74,707
Prepaid Expenses	716	15,329
Total Current Assets	213,879	159,961
Net Property and Equipment	46,302	61,119
Total Assets	\$ 260,181	\$ 221,080
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable - Misc.	\$ 4,959	\$ 1,650
Accounts Payable - Chamber	18,647	12,169
Total Current Liabilities	23,606	13,819
 Net Assets		
Unrestricted		
Operating	190,273	146,142
Fixed Assets	46,302	61,119
Total Net Assets	236,575	207,261
Total Liabilities and Net Assets	\$ 260,181	\$ 221,080

See Independent Auditor's Report and Notes to Financial Statements.

**CONVENTION AND VISITORS' BUREAU, HANCOCK COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
Change in Unrestricted Net Assets		
Operating Revenue		
Hotel/Motel Tax	\$ 317,396	\$ 317,182
Special Events		
Visitor Guide Advertising		6,372
Website Advertising		700
Interest	2,001	336
Total Operating Revenues	319,397	324,590
Operating Expenses		
Salaries	86,048	85,000
Purchased Services	20,000	18,888
Marketing and Promotion	122,622	153,279
Employee Benefits and Taxes	12,290	17,194
Rent	10,800	10,800
Travel and Entertainment	4,718	5,677
Depreciation	14,817	15,292
Professional	3,798	7,625
Telephone	3,412	3,530
Special Project Expenses	679	
Repair and Maintenance	1,387	2,400
Postage	2,659	5,216
Printing and Supplies	3,312	3,078
Insurance	3,541	2,170
Total Operating Expenses	290,083	330,149
Change in Net Assets	29,314	(5,559)
Net Assets, Beginning of Year	207,261	212,820
Net Assets, End of Year	\$ 236,575	\$ 207,261

See Independent Auditor's Report and Notes to Financial Statements.

CONVENTION AND VISITORS' BUREAU, HANCOCK COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
Cash Flows From Operating Activities		
Change in Net Assets	\$ 29,314	\$ (5,559)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	14,817	15,292
Decrease (Increase) in Assets		
Accounts Receivable	(1,417)	100
Accounts Receivable - Hotel/Motel Taxes	3,165	(5,402)
Prepaid Expenses	14,613	(12,818)
Increase (Decrease) in Liabilities		
Accounts Payable	9,787	1,113
Funds Held for Other Agencies		(12,805)
Net Cash Provided by (Used in) Operating Activities	70,279	(20,079)
Cash Flows From Investing Activities		
Payments For Purchase of Property and Equipment		(3,920)
Net Cash Used In Investing Activities		(3,920)
Net Increase (Decrease) in Cash	70,279	(23,999)
Cash, Beginning of Year	69,925	93,924
Cash, End of Year	\$ 140,204	\$ 69,925

See Independent Auditor's Report and Notes to Financial Statements.

CONVENTION AND VISITORS' BUREAU, HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

A. Nature of the Organization

The Hancock County Commissioners enacted Resolution 1988-336 and 1988-337 on December 22, 1988. These ordinances authorized Hancock County to enter into an agreement with the Findlay Hancock County Chamber of Commerce (the Chamber) to provide for the operations of the Convention and Visitors' Bureau (the Bureau). These ordinances also levy a hotel-motel tax to fund this agreement. The purpose of the Bureau is to promote and publicize Hancock County, and the City of Findlay, in order to bring the patronage of business and tourism and cultural, educational, religious, professional, and sports organizations into the County. In the event of termination, any and all monies remaining originally received by the Bureau from the County shall be returned to the General Fund of the County.

Beginning in 2002, the Chamber entered into a new one-year agreement with the County in which the Bureau will receive the full 3% tax assessed by the County from hotels and motels. The spending of such funds must promote and publicize Hancock County. The Chamber may not use said funds to make grants to other organizations. Provided the Chamber has fulfilled its obligation under the agreement, the agreement will automatically renew for a period of one year.

The Bureau operates as a component unit of the Chamber. The Chamber's Board of Directors is responsible for approval of the budget of the Bureau, hiring employees, approving expenditures, and signing the checks of the Bureau. When the Chamber makes expenditures on behalf of the Bureau, the Chamber prepares an invoice. The Bureau then writes a check to reimburse the Chamber based on the invoice. All transactions that are considered "at arms length" are based on substantive documentation, and are recorded on the books of the Bureau. The Bureau paid \$144,444 in 2005 and \$147,522 in 2004 to the Chamber for salaries, fringe benefits, rent, insurance, telephone, postage, travel expenses, and reimbursement of some of the program expenses.

B. Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies of the Bureau conform to generally accepted accounting principles and reflect practices appropriate for a non-profit organization. The financial statements have been prepared on the accrual basis of accounting.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Bureau considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

CONVENTION AND VISITORS' BUREAU, HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

B. Summary of Significant Accounting Policies (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end December 31, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Property and Equipment

Property and equipment is recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. Depreciation is computed by the straight-line method over estimated useful lives ranging from 3 to 40 years. The costs of normal maintenance and repairs that do not add to the value of the assets or materiality extend an asset's life are not capitalized. The Bureau maintains a capitalization threshold of \$1,000.

Classification of Net Assets

The Bureau recognizes tax revenues on the date which the hotels and motels receive the tax dollars. Special events revenues are recognized on the date at which the event has occurred.

Contributions

The Bureau has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

The Bureau reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose-restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are charged to operations when incurred.

C. Cash and Cash Equivalents

Balances of cash and cash equivalents at financial banking institutions exceeded the federally insured limit of \$100,000 by \$36,593 at December 31, 2005. All amounts were secured by FDIC in 2004. The Bureau regularly monitors the financial condition of the institution in which it has depository accounts and believes the risks of loss are minimal.

**CONVENTION AND VISITORS' BUREAU, HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

D. Property and Equipment

Property and equipment at December 31, 2005 and 2004 consists of the following:

	2005	2004
Furniture and Equipment	\$ 87,273	\$ 87,273
Leasehold Improvements	6,000	6,000
Total Property and Equipment	93,273	93,273
Less: Accumulated Depreciation	(46,971)	(32,154)
Net Property and Equipment	\$ 46,302	\$ 61,119

Depreciation expense was \$14,817 and \$15,292 in 2005 and 2004, respectively.

E. Retirement Plan

The Bureau, through the Chamber, has a qualified profit-sharing plan for which full-time employees are eligible after one year of service provided that they are twenty-one years of age or older. The plan allows eligible employees to defer up to 15% of their compensation in accordance with the Internal Revenue Code Section 401(k). The Bureau contributes 3% of an employee's compensation to the plan and matches up to 4% of the employee's deferral. Profit sharing expense for 2005 and 2004 was \$725 and \$1,945, respectively.

**CONVENTION AND VISITORS' BUREAU, HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

F. Concentration of Credit Risks

The Bureau is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2005 the Bureau contracted for the following insurance coverages:

Coverage provided by the Cincinnati Insurance Company as follows:

Buildings and Contents - Replacement Costs	\$ 984,200
Business Income	15,000
Employee Dishonesty	25,000
Hardware and Software (\$250 deductible; \$1,000 specified loss deduction)	
Hardware	35,000
Software	7,000
General Bureau Liability	
Per Occurrence	500,000
Total per Year	1,000,000
Umbrella Liability	1,000,000
Directors and Officers	2,000,000
Automobile Coverage	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past two-years and there has been no significant reduction in insurance coverage from last year.

G. Related Parties

Five members of the Chamber's Board of Directors operate and/or manage local businesses that the Bureau dealt with during the normal course of business. For the years ended December 31, 2005 and 2004, the amounts of these business services charged to operating expenses are \$15,465 and \$1,940, respectively. In addition, funds held at one of the businesses for the years ended December 31, 2005 and 2004 amounted to \$136,593 and \$67,358, respectively. Income generated from this investment during 2005 and 2004 amounted to \$2,001 and \$336, respectively.

Additionally, the Bureau reimburses the Chamber for normal expenses. These amounts are payables following the month the Chamber incurred the expense. As of December 31, 2005 and 2004, accounts payable to the Chamber amounted to \$18,647 and \$12,169, respectively.

REPORT 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

To the Board of Trustees of
Convention and Visitors' Bureau, Hancock County

We have audited the financial statements of Convention and Visitors' Bureau, Hancock County (a division of a nonprofit organization) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 3, 2006. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Convention and Visitors' Bureau, Hancock County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Convention and Visitors' Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the audit committee, management, state awarding agencies, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Truj Professional Group

Findlay, Ohio
April 3, 2006

CONVENTION & VISITORS BUREAU, HANCOCK COUNTY
CONCLUSION STATEMENT

The audit report, including citations and recommendations, was received with and acknowledged by the following officials on June 12, 2006.

Douglas S. Peters

Dawn Mullinger

Robert E. Beigh

They were informed that officials had five working days from the date of the post-audit conference to respond to, or contest, in writing, the report contents.



**Auditor of State
Betty Montgomery**

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HANCOCK COUNTY CONVENTION AND VISITORS' BUREAU

HANCOCK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 5, 2006**