

**TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU**

**REPORT ON AUDITS OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA

Auditor of State

Board of Directors
Tuscarawas County Convention and Visitors Bureau
New Philadelphia, Ohio

We have reviewed the *Independent Auditors' Report* of the Tuscarawas County Convention and Visitors Bureau, Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2006 through December 31, 2006. 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 Tuscarawas County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 20, 2007

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**TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU
NEW PHILADELPHIA, OHIO**

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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Phone (330) 602-1322 • Fax (330) 602-2610

February 7, 2007

Board of Directors
Tuscarawas County Convention and Visitors Bureau
New Philadelphia, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Tuscarawas County Convention and Visitors Bureau (a nonprofit organization) as of December 31, 2006 and 2005, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits.

We conducted our audits 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. 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 Tuscarawas County Convention and Visitors Bureau as of December 31, 2006 and 2005, and the changes in 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 a report dated February 7, 2007, on our consideration of the Tuscarawas County Convention and Visitors Bureau's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That 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.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,**

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS:		
Cash	\$ 44,486	\$ 36,002
Accounts receivable	17,848	16,434
Prepaid expenses	<u>6,652</u>	<u>2,798</u>
Total current assets	68,986	55,234
PROPERTY AND EQUIPMENT:		
Building and improvements	470,971	470,971
Construction loan interest	7,026	7,026
Leasehold improvements	7,749	7,749
Video and display equipment	19,202	19,202
Office equipment	51,541	54,232
Computer equipment	<u>10,087</u>	<u>10,087</u>
	566,576	569,267
Less: accumulated depreciation	<u>79,975</u>	<u>56,756</u>
Net property and equipment	486,601	512,511
OTHER ASSETS:		
Workers' compensation deposit	<u>208</u>	<u>208</u>
Total other assets	<u>208</u>	<u>208</u>
Total assets	<u>\$ 555,795</u>	<u>\$ 567,953</u>

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,**

LIABILITIES AND NET ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 1,515	\$ 4,324
Line of credit	0	16,040
Note payable, current portion	8,748	8,385
Accrued liabilities:		
Accrued payroll taxes	4,736	4,897
Accrued vacation and sick pay	0	1,831
Accrued sales tax	2	0
Total current liabilities	15,001	35,477
LONG-TERM LIABILITIES:		
Note payable, net of current portion	401,172	409,783
Total long-term liabilities	401,172	409,783
Total liabilities	416,173	445,260
NET ASSETS:		
Unrestricted	139,622	122,693
Total net assets	139,622	122,693
Total liabilities and net assets	\$ 555,795	\$ 567,953

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2006</u>	<u>2005</u>
REVENUE AND SUPPORT:		
Hotel and motel excise tax	\$ 325,900	\$ 301,690
Grants and donations	0	7,000
Reimbursements	5,687	5,717
Tourist Information Center donations	10,355	10,581
Visitors' guide income	1,883	18,350
FAM Tour income	1,472	2,367
Group tour partnership	13,776	0
Profile books	685	465
Interest income	107	92
Rental income	4,670	3,835
Co-op advertising income	7,371	5,753
Gain on disposal of asset	237	0
Miscellaneous	<u>6,034</u>	<u>5,307</u>
Total support and revenue	378,177	361,157
EXPENSES:		
Program expenses	285,149	323,108
Administrative expenses	<u>76,099</u>	<u>80,073</u>
Total expenses	<u>361,248</u>	<u>403,181</u>
Changes in net assets	16,929	(42,024)
NET ASSETS, beginning of year	<u>122,693</u>	<u>164,717</u>
NET ASSETS, end of year	<u><u>\$ 139,622</u></u>	<u><u>\$ 122,693</u></u>

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Total</u>
Salaries	\$ 128,662	\$ 32,165	\$ 160,827
Payroll taxes	11,764	2,941	14,705
Employee benefits	11,580	2,895	14,475
Pension expense	2,422	605	3,027
Advertising	15,540	6,660	22,200
Travel show and tours	9,896	0	9,896
Visitors' guide expense	879	0	879
Tour planner	8,817	0	8,817
Conferences and meetings	8,709	0	8,709
Dues and memberships	5,449	0	5,449
Postage	7,873	875	8,748
Copying and printing	6,887	1,722	8,609
Office supplies	1,077	2,520	3,597
Vehicle expenses	6,892	766	7,658
Co-op advertising	7,047	0	7,047
Tourist Information Center supplies	3,957	0	3,957
Continuing education	405	118	523
Telephone	3,113	778	3,891
Legal and accounting	1,580	6,318	7,898
Insurance	1,155	495	1,650
Repairs & maintenance	878	376	1,254
Renovation expenses	1,118	0	1,118
Interest	14,500	6,214	20,714
Taxes - real estate	0	0	0
Grants and aid	2,020	0	2,020
Utilities	5,465	2,342	7,807
Computer expenses	695	298	993
Loss on disposal of assets	0	0	0
Miscellaneous	0	824	824
	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	268,380	68,912	337,292
	<hr/>	<hr/>	<hr/>
Depreciation	16,769	7,187	23,955
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Total expenses	<u>\$ 285,149</u>	<u>\$ 76,099</u>	<u>\$ 361,248</u>

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Total</u>
Salaries	\$ 128,937	\$ 32,234	\$ 161,171
Payroll taxes	11,584	2,896	14,480
Employee benefits	11,566	2,891	14,457
Pension expense	2,357	589	2,946
Advertising	15,193	6,511	21,704
Travel show and tours	12,988	0	12,988
Visitors' guide expense	25,432	0	25,432
Tour planner	0	0	0
Conferences and meetings	14,160	0	14,160
Dues and memberships	5,703	0	5,703
Postage	8,303	923	9,226
Copying and printing	7,969	1,992	9,961
Office supplies	1,171	2,732	3,903
Vehicle expenses	7,160	796	7,956
Co-op advertising	5,534	0	5,534
Tourist Information Center supplies	6,349	0	6,349
Continuing education	586	172	758
Telephone	3,424	856	4,280
Legal and accounting	2,030	8,118	10,148
Insurance	1,291	553	1,844
Repairs & maintenance	2,178	934	3,112
Renovation expenses	1,575	0	1,575
Interest	14,005	6,002	20,007
Taxes - real estate	2,511	1,076	3,587
Grants and aid	7,000	0	7,000
Utilities	4,439	1,903	6,342
Computer expenses	1,331	571	1,902
Loss on disposal of assets	238	0	238
Miscellaneous	0	570	570
Total expenses before depreciation	305,014	72,319	377,333
Depreciation	18,094	7,754	25,848
Total expenses	<u>\$ 323,108</u>	<u>\$ 80,073</u>	<u>\$ 403,181</u>

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from service recipients	\$ 355,360	\$ 324,387
Other operating cash receipts	21,068	26,725
Cash paid to employees and suppliers	(325,240)	(345,855)
Interest paid	<u>(20,714)</u>	<u>(20,007)</u>
Net cash provided (used) by operating activities	<u>30,474</u>	<u>(14,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of asset	2,191	0
Purchase of property and equipment	0	(1,534)
Interest income on accounts	<u>107</u>	<u>92</u>
Net cash provided (used) by investing activities	<u>2,298</u>	<u>(1,442)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from/net payments on line of credit agreement	(16,040)	8,731
Principal payments on note payable	<u>(8,248)</u>	<u>(7,908)</u>
Net cash provided (used) by investing activities	<u>(24,288)</u>	<u>823</u>
Increase (decrease) in cash	8,484	(15,369)
CASH, beginning of year	<u>36,002</u>	<u>51,371</u>
CASH, end of year	<u>\$ 44,486</u>	<u>\$ 36,002</u>
 RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Changes in net assets	\$ 16,929	\$ (42,024)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	23,955	25,848
Gain (loss) on sale/disposal of asset	(237)	238
Interest income on accounts	(107)	(92)
(Increase) decrease in operating assets:		
Accounts receivable	(1,414)	745
Grant receivable	0	5,000
Prepaid expenses	(3,854)	4,602
Increase (decrease) in operating liabilities:		
Accounts payable	(2,809)	4,324
Accrued expenses	(1,989)	2,309
Deferred revenue	<u>0</u>	<u>(15,700)</u>
Net cash provided (used) by operating activities	<u>\$ 30,474</u>	<u>\$ (14,750)</u>

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Tuscarawas County Convention and Visitors Bureau (the Organization) is a non-profit entity organized under the laws of the State of Ohio for the purpose of the promotion of Tuscarawas county, Ohio as a convention and tourist location.

METHOD OF ACCOUNTING

The Organization prepares its financial statements on the accrual basis of accounting.

FINANCIAL STATEMENT PRESENTATION

The Organization previously adopted Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS No.117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows. As permitted by this statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. At December 31, 2006 and 2005, the Organization had only unrestricted net assets.

ACCOUNTS RECEIVABLE

The Organization uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2006 and 2005. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following policies:

<u>DESCRIPTION</u>	<u>USEFUL LIVES</u>	<u>METHOD</u>
Building and improvements	15 - 39 years	Straight line
Construction loan interest	30 years	Straight line
Leasehold improvements	15 years	Straight line
Video and display equipment	5 years	Straight line
Office equipment	5 - 10 years	Straight line
Computer equipment	5 years	Straight line

DONATIONS

All donations received are considered to be available for unrestricted use unless specifically restricted by donor.

TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

TAX STATUS

As a non-profit organization under Section 501(c)(6) of the Internal Revenue Code, the organization is exempt from Federal and Ohio income taxes. Therefore, no provision has been made for Federal or Ohio income taxes in the accompanying financial statements.

STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. The Organization paid interest of \$20,714 and \$20,007 for the years ended December 31, 2006 and 2005, respectively.

USE OF 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.

ADVERTISING COSTS

The Organization expenses the production costs of advertising the first time the advertising takes place.

NOTE 2: DEPOSITS WITH BALANCE SHEET RISK

As of December 31, 2006 and 2005, the Organization had bank balances of \$50,276 and \$44,336, respectively. All of the bank balances were covered by federal depository insurance for both years.

NOTE 3: COMPENSATED ABSENCES

Employees of the Organization are entitled to vacation and sick days, depending on job classification, length of service, and other factors. No amount has been booked on the statements of financial position as a liability for December 31, 2006. An amount has been booked on the statements of financial position for the liability incurred by the Organization to its employees at December 31, 2005.

NOTE 4: CONCENTRATION OF CREDIT RISK

The accounts receivable balance of the Organization consists of balances due from clients operating primarily in East Central Ohio.

The Organization receives a majority of its funding from a hotel and motel excise tax in Tuscarawas County located in East Central Ohio.

NOTE 5: OPERATING LEASE

The Organization leases a vehicle for use in its operations. The lease expense for both years ending December 31, 2006 and 2005 was \$4,203 and \$5,128, respectively.

TUSCARAWAS COUNTY CONVENTION
AND VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: PENSION PLAN

The Organization sponsors a Simple Retirement program for all eligible employees. The Organization matches employee deferrals up to 3% of employee earnings. The Organization incurred matching contributions of \$3,027 and \$2,946 for the years ended December 31, 2006 and 2005, respectively.

NOTE 7: BOARD DESIGNATED BUILDING FUND

It is the policy of the Board of Directors of the organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums to assure adequate financing of such improvements and acquisitions. As of December 31, 2006 and 2005, there were no amounts set aside for this purpose.

NOTE 8: LINE OF CREDIT

The Organization has a revolving line of credit with a local financial institution. The line is unsecured and interest is being charged at prime plus .75%. The maximum amount that can be borrowed against the line is \$50,000.

NOTE 9: NOTE PAYABLE

The Organization had the following note payable at December 31:

	<u>2006</u>	<u>2005</u>
Note payable - United States Department of Agriculture Rural Development (USDA), secured by real estate with monthly payments of \$2,155 which includes interest at 4.25%. Final payment is due December 2033.	\$ 409,920	\$ 418,168
Less: current portion	8,748	8,385
	\$ 401,172	\$ 409,783

Principal payments on the note payable are scheduled to be made as follows for the years ending December 31:

	2007	\$ 8,748
	2008	9,128
	2009	9,523
	2010	9,936
	2011	10,367
	Thereafter	362,218
		\$ 409,920

NOTE 10: DEFERRED REVENUE

The Organization publishes an annual Visitors' Guide. Prior to its publication, the Organization received in advance a certain amount of related advertising revenue and also incurred related expenses. The amount of advertising revenue received in advance of the related year of publication, less associated expenses, amounted to \$15,700 as of 2005. The Organization has contracted out the publication to an outside party in 2005. Therefore, no accrual has been booked at December 31, 2005.



WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663

Phone (330) 602-1322 • Fax (330) 602-2610

February 7, 2007

Board of Directors
Tuscarawas County Convention
and Visitors Bureau
New Philadelphia, Ohio

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

We have audited the financial statements of Tuscarawas County Convention and Visitors Bureau as of and for the year ended December 31, 2006 and have issued our report thereon dated February 7, 2007. 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 Tuscarawas County Convention and Visitors Bureau'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 assurance 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 over financial reporting that might be 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 Tuscarawas County 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 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, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants



Mary Taylor, CPA
Auditor of State

TUSCARAWAS COUNTY CONVENTION AND VISITORS BUREAU

TUSCARAWAS 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
MAY 10, 2007**