GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

Financial Statements

December 31, 2007 and 2006

With

Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Trustees
Greater Cincinnati Convention and Visitors Bureau, Inc.
525 Vine Street
Suite 1500
Cincinnati, Ohio 45202-3174

We have reviewed the *Report of Independent Accountants* of the Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, prepared by Clark, Schaefer, Hackett & Co. for the audit period January 1, 2007 through December 31, 2007. 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 Greater Cincinnati Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 11, 2008

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GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Trustees
Greater Cincinnati Convention and Visitors Bureau, Inc.

We have audited the accompanying statements of financial position of Greater Cincinnati Convention and Visitors Bureau, Inc. as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Greater Cincinnati Convention and Visitors Bureau, Inc. as of December 31, 2007 and 2006, and the statement of activities 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 May 13, 2008 on our consideration of the Greater Cincinnati Convention and Visitors Bureau, Inc.'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Clark Schaefer Hackett & Co

Cincinnati, Ohio
May 13, 2008

GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

Statements of Financial Position

December 31, 2007 and 2006

Assets

		2007	2006
Cash and cash equivalents	$	795,376	425,095
County Hotel/Motel excise tax receivable		1,168,893	1,176,070
Program receivables		13,352	23,385
Government funding due		442,967	-
Membership receivables		37,824	32,573
General and suppliers' current and prior year subscriptions and sundry advances		136,118	39,907
Less allowance for doubtful accounts		(42,960)	(37,579)
Prepaid expenses		103,895	32,639
Total Current Assets		2,655,465	1,692,090
Property and equipment		480,962	459,735
Less accumulated depreciation		(333,048)	(257,891)
		147,914	201,844
Total Assets	$	2,803,379	1,893,934

Liabilities and Net Assets

		2007	2006
Current portion of capital lease	$	19,155	24,854
Accounts payable		319,321	250,137
Accrued payroll		301,630	330,162
Payroll taxes withholding		1,056	500
Deferred rent		79,877	49,761
Current portion of accrued lease costs		33,894	56,504
Deferred membership income		62,331	46,578
Grants payable		439,421	416,727
Total Current Liabilities		1,256,685	1,175,223
Capital lease obligation		-	19,154
Accrued lease costs		-	27,282
Total Liabilities		1,256,685	1,221,659
Net assets			
Unrestricted net assets		619,494	618,393
Temporarily restricted net assets		927,200	53,882
		1,546,694	672,275
Total Liabilities and Net Assets	$	2,803,379	1,893,934

See accompanying notes to financial statements.

GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

Statements of Activities

For the Years Ended December 31, 2007 and 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Gross County Hotel/Motel excise tax revenue	$ 4,959,028	-	4,959,028	4,709,616	-	4,709,616
Government funding	-	885,934	885,934	-	-	-
Income from members' subscriptions	308,651	-	308,651	285,970	-	285,970
Registration services	24,127	-	24,127	26,580	-	26,580
Passkey	30,682	-	30,682	56,715	-	56,715
Corporate Sponsorships	-	717,500	717,500	44,385	75,000	119,385
Interest income	3,045	-	3,045	3,499	-	3,499
Other income	17,498	-	17,498	2,123	-	2,123
Net assets released from restrictions:						
Satisfaction of restrictions	730,116	(730,116)	-	71,118	(71,118)	-
Total revenues	6,073,147	873,318	6,946,465	5,200,006	3,882	5,203,888
Expenses:						
Convention related expenditures:						
Convention sales and destination services	1,781,374	-	1,781,374	1,325,465	-	1,325,465
Convention services	421,927	-	421,927	505,370	-	505,370
Public relations and marketing	1,185,884	-	1,185,884	974,269	-	974,269
	3,389,185	-	3,389,185	2,805,104	-	2,805,104
General and administrative	697,185	-	697,185	429,643	-	429,643
Initiatives:						
Grant to Greater Cincinnati Sports Corporation	47,000	-	47,000	35,000	-	35,000
Grant to Northen Cincinnati CVB	250,000	-	250,000	250,000	-	250,000
Grant to Regional Tourism	1,663,676	-	1,663,676	1,553,239	-	1,553,239
Other grants	25,000	-	25,000	463,040	-	463,040
	1,985,676	-	1,985,676	2,301,279	-	2,301,279
Total expenses	6,072,046	-	6,072,046	5,536,026	-	5,536,026
Change in Net Assets	1,101	873,318	874,419	(336,020)	3,882	(332,138)
Net Assets at Beginning of Year	618,393	53,882	672,275	954,413	50,000	1,004,413
Net Assets at End of Year	$ 619,494	927,200	1,546,694	618,393	53,882	672,275

See accompanying notes to financial statements.

GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

Statements of Cash Flows

For the Years Ended December 31, 2007 and 2006

		2007	2006
Cash provided by (used in) operating activities:			
Change in net assets	$	874,419	(332,138)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Gain on sale of property and equipment		(1,000)	(1,752)
Depreciation		75,158	78,093
Bad debt expense		5,381	(116,886)
Changes in assets and liabilities			
Accounts receivable and advances-net		(527,219)	272,485
Prepaid expenses		(71,256)	35,577
Accounts payable		69,184	(42,609)
Accrued payroll		(28,532)	75,540
Payroll taxes and amounts withheld		556	(59)
Deferred rent		30,116	49,761
Deferred membership income		15,753	36,807
Grant payable		22,694	53,011
Accrued lease payable		(49,892)	(54,878)
Net cash provided by operating activities		415,362	52,952
Cash used in investing activities:			
Proceeds from sale of property and equipment		1,000	1,752
Purchase of property and equipment		(21,228)	(170,579)
Net cash used in investing activities		(20,228)	(168,827)
Cash used in financing activities:			
Payments on capital lease obligation		(24,853)	(22,019)
Net cash used in financing activities		(24,853)	(22,019)
Net increase in cash and cash equivalents		370,281	(137,894)
Cash and cash equivalents at beginning of year		425,095	562,989
Cash and cash equivalents at end of year	$	795,376	425,095
Supplemental information:			
Interest paid	$	-	7,957

See accompanying notes to financial statements.

GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

Notes to Financial Statements

1. Summary of Accounting Policies:

Greater Cincinnati Convention and Visitors Bureau, Inc. (the Bureau) is a sales, marketing, and service organization and impacts the Greater Cincinnati area economy through convention, trade show, and visitor expenditures.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased. The Bureau maintains its cash balances in demand deposit accounts, money market funds, and certificates of deposit primarily with commercial banks in Ohio.

Fixed assets

Property and equipment are recorded at cost. Costs of maintenance and repairs are charged to expense as incurred. Major improvements and renewals, in general, are capitalized.

The estimated useful lives are:

Furniture	10 years
Office equipment	5 years
Computer equipment	3-5 years

Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense was $75,158 and $78,093 in 2007 and 2006, respectively.

Allowance for doubtful accounts

The allowance is determined by considering the length of time the balances are outstanding and the companies' ability to pay. The outstanding balances are reviewed monthly and ability to collect is determined. The allowance is decreased when receivables are deemed to be uncollectible, and payments subsequently received on such receivables restore the allowance for doubtful accounts.

Deferred membership income

Deferred membership income represents collections in the current year that pertain to billings of membership revenues attributable to the following year.

Temporarily restricted net assets

The Bureau reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Bureau reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Bureau reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. In 2007 and 2006 temporarily restricted assets represented funds for specified purposes.

Permanently restricted net assets

Net assets that are subject to donor-imposed stipulations that require the assets to be maintained permanently by the Bureau. Generally, the donors of these assets permit the Bureau to use all or part of the income earned on related investments for general or specific purposes. The Bureau does not currently have permanently restricted net assets.

2. Revenues:

The Bureau receives revenues generated from a 3% excise tax on hotel rooms in Hamilton County, Ohio and other Governmental funds. These revenues are authorized under regulations approved by the Hamilton County Board of Commissioners under legislation approved by the Ohio legislature. Membership and other fees are recognized as earned. Contributions and grants are recognized when awarded.

3. Concentration of Credit Risk:

Financial instruments which subject the Bureau to a concentration of credit risk consist of cash. At times, cash balances may be in excess of the insurance coverage provided by the Federal Deposit Insurance Corporation.

4. Revenue Concentration:

The Organization is dependent upon the Hotel/motel excise tax revenue levy for over 90% of its revenues. A discontinuance of this tax would severely effect the operation of the Bureau.

5. Employment Agreement:

The Organization signed an employment agreement with its CEO providing base and incentive compensation through March 31, 2009.

6. Operating Leases:

The Bureau has operating leases for office space, furniture and office equipment which expire at various dates through 2016. The future minimum rental commitments as of December 31, 2007 for the noncancelable leases are as follows:

2008	$ 174,107
2009	176,333
2010	177,123
2011	181,344
2012	180,609
Thereafter	654,419
	$ 1,543,935

Total rental expense was $163,020 and $172,087 in 2007 and 2006, respectively.

7. Capital Leases:

The Organization assumed equipment and furniture under capital lease agreements. The amounts outstanding for the equipment leases amounted to $19,155. The leases expire at various dates through September 2008. Capital leased assets included in property and equipment have costs totaling $105,430 and accumulated depreciation totaling $94,887 and $73,801 at December 31, 2007 and 2006, respectively.

The following is a schedule of future annual minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2007:

2008	$ 20,093
Less amount representing interest	(938)
	$ 19,155

8. Revolving Line of Credit:

The Bureau has a revolving line of credit agreement for $350,000 with a bank, secured by all the assets of the Organization. The line bears interest at the prime rate (7.25% at December 31, 2007) with principal due April 30, 2008. At December 31, 2007, there was no balance outstanding.

9. Pension Plan:

The Bureau has a noncontributory defined contribution pension plan covering all employees who qualify as to age and length of service. The Bureau's policy is to fund pension costs accrued. Pension expense was $83,336 and $97,692 in 2007 and 2006, respectively.

10. Functional Expenses:

The Bureau promotes the Greater Cincinnati area economy through its sales and marketing efforts. Expenses related to providing these program services and supporting functions for the year ended December 31 are as follows:

	2007	2006
Program services	$ 5,374,861	5,106,383
General and administrative	697,185	429,643
	$ 6,072,046	5,536,026

11. Income Tax Status:

The Internal Revenue Service has ruled that the Bureau qualified under Section 501(c)(6) of the Internal Revenue Code (IRC) and has exempt status under present federal income tax law. Once qualified, the Bureau is required to operate in conformity with the IRC to maintain its qualification. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Bureau's exempt status.

12. Commitments:

The Bureau entered into a conditional agreement with the Greater Cincinnati Sports Corporation to help finance the operating costs of the Sports Corporation for three years. The Sports Corporation is responsible for hosting and conducting sporting events that generate economic impact and hotel room nights to the Cincinnati and Northern Kentucky Region. Annual conditional grants are dependent upon the number of rooms generated in the region and are estimated for 2008 in the amount of $35,000.

13. Restructure of Organization:

During 2005 the Bureau restructured the Organization in order to help fund the Sports Corporation and to take on other initiatives more in line with the mission of the Bureau. Through the reorganization the Bureau discontinued leases in two locations. One lease was terminated during the year ended December 31, 2006 with no payment due. The other site was subleased in March of 2007 (See Footnote #15). The future payments on the lease were recorded as a liability when the site was abandoned in 2005.

14. Related Party:

The Organization is affiliated with the Spirit of Cincinnati which it advances funds and renders services. The advances are due on demand and classified as a current asset on the statement of financial position. In 2006 the Bureau made a grant of $405,728 to Spirit of Cincinnati. There are no amounts due to the Bureau at December 31, 2007 and 2006.

15. Sublease:

In March of 2007 the Organization signed an agreement subleasing the unused Blue Ash office space for $5,000 per month. The sublease expires July 31, 2008, which is the same expiration date as the original lease.

16. Subsequent Event:

Effective January 1, 2008, the Organization sponsored a defined contribution plan that allows qualified employees to contribute a percentage of compensation to the plan with Organization matching contributions. The plan covers substantially all employees who meet certain eligibility requirements as to age and length of service. Organization matching contributions are provided up to 3% for the first 3% and 1.5% of the next 3% of eligible employee compensation with certain limitations.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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*

Board of Trustees
Greater Cincinnati Convention & Visitors Bureau, Inc.

We have audited the financial statements of Greater Cincinnati Convention & Visitors Bureau, Inc. as of and for the year ended December 31, 2007, and have issued our report thereon dated May 13, 2008. 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 Greater Cincinnati Convention & Visitors Bureau, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Cincinnati Convention & Visitors Bureau, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

Segregation of Duties

A good system of internal control provides for a proper segregation of the accounting functions. The Organization does not have the proper segregation of duties over cash disbursements. We noted that the individual who enters the accounts payable into the general ledger also prepares the checks and has the responsibility of mailing the checks. Proper segregation is not always possible in a small organization, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. We recommend that management review the current assignment of accounting functions. Where possible, duties should be segregated to reduce the risk of errors or fraud.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described below, to be a material weakness.

Audit Adjustments Discovered by the Auditor

There were audit adjustments which were discovered in the process of our testing that indicate a weakness in the internal control structure. There were three invoices/expenses that were encountered in the testing of accounts payable which were not properly recorded at year end. The effect of this understatement was $28,487.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Cincinnati Convention & Visitors Bureau, Inc.'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 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.*

We noted certain matters that we reported to management of the Greater Cincinnati Convention & Visitors Bureau, Inc. in a separate letter dated May 13, 2008.

Greater Cincinnati Convention & Visitors Bureau, Inc.'s responses to the findings identified in our audit are described above. We did not audit Greater Cincinnati Convention & Visitors Bureau, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clark Schaefer Hackett & Co

Cincinnati, Ohio
May 13, 2008

Mary Taylor, CPA
Auditor of State

GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

HAMILTON 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
JULY 24, 2008

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