

**GROVE CITY AREA VISITORS
AND CONVENTION BUREAU**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009



Mary Taylor, CPA

Auditor of State

Board of Trustees
Grove City Area Visitors and Convention Bureau
3378 Park Street
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Grove City Area Visitors and Convention Bureau, Franklin County, prepared by Dale Saylor and Associates, for the audit period January 1, 2009 through December 31, 2009. 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 Grove City Area Visitors and Convention Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 10, 2010

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GROVE CITY AREA VISITORS AND CONVENTION BUREAU

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Grove City Area Visitors and Convention Bureau
Grove City, Ohio

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Grove City Area Visitors and Convention Bureau (the Bureau) as of December 31, 2009, and the related statements of revenues, expenses and changes in net assets – modified cash basis, and cash flows – modified cash basis for the year 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Bureau as of December 31, 2009, and its revenues, expenses and changes in net assets for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of the Bureau'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.

Dale Saylor & Associates

Dublin, Ohio
June 30, 2010

**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2009**

ASSETS

CURRENT ASSETS

Cash	\$ <u>162,912</u>
TOTAL CURRENT ASSETS	162,912

PROPERTY AND EQUIPMENT

Property and equipment	30,386
Leasehold improvements	<u>7,095</u>
TOTAL PROPERTY AND EQUIPMENT	37,481
Accumulated depreciation	<u>(25,168)</u>
NET PROPERTY AND EQUIPMENT	<u>12,313</u>

TOTAL ASSETS	\$ <u>175,225</u>
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LIABILITIES AND NET ASSETS

NET ASSETS

Unrestricted	\$ <u>175,225</u>
TOTAL NET ASSETS	<u>175,225</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>175,225</u>
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See accompanying notes to financial statements.

**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

UNRESTRICTED NET ASSETS

REVENUES

Bed tax	\$ 213,518
Interest income	3,115
Rent income	<u>100</u>
TOTAL REVENUES	216,733

EXPENSES

Advertising, promotion and marketing	113,143
Professional fees	5,048
Travel and meetings	2,038
Bank service charges	121
Internet service	1,121
Office supplies	1,655
Wages	60,322
Payroll taxes	4,523
Payroll service	1,652
Postage and delivery	4,993
Rent	6,850
Grant	6,000
Repairs and maintenance	4,206
Depreciation	13,950
Utilities	1,852
Telephone	1,714
Security	225
Insurance	<u>375</u>
TOTAL EXPENSES	<u>229,788</u>

CHANGE IN NET ASSETS (13,055)

NET ASSETS AT BEGINNING OF YEAR 188,280

NET ASSETS AT END OF YEAR \$ 175,225

See accompanying notes to financial statements.

**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received for bed tax	\$ 213,518
Cash received for interest income	3,115
Cash received for rent income	100
Cash payments for employee wages and payroll taxes	(64,845)
Cash payments for other operating expenses	<u>(150,993)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 895

CASH FLOWS FROM INVESTING ACTIVITIES

Redemption of certificate of deposit	80,000
Return of security deposit	650
Purchase of leasehold improvements	(7,095)
Purchase of property and equipment	<u>(18,475)</u>

NET CASH USED BY INVESTING ACTIVITIES 55,080

NET INCREASE (DECREASE) IN CASH 55,975

CASH AT BEGINNING OF YEAR 106,937

CASH AT END OF YEAR \$ 162,912

**RECONCILE CHANGE IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ (13,055)
Depreciation	<u>13,950</u>
Net cash provided by operating activities	\$ <u><u>895</u></u>

See accompanying notes to financial statements.

GROVE CITY AREA VISITORS AND CONVENTION BUREAU
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

The Grove City Area Visitors and Convention Bureau (the Bureau) is a nonprofit organization incorporated April 7, 1989. The Bureau is dedicated to promoting Grove City as the ideal Central Ohio lodging destination for tourism, business travel and meetings. The Bureau is managed by a nine member Board of Trustees who meets monthly.

Basis of Accounting

The Bureau's policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that certain revenues are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Revenue

The Bureau's primary source of revenue comes from the local bed tax. This excise tax is a 6% tax paid by transient guests for lodging at hotels in Grove City. Twenty-five percent (25%) of the revenue from the tax levied is contributed to the Bureau. The City of Grove City does not place any restrictions on the funds contributed to the Bureau.

Property, Equipment, and Leasehold Improvements

Property, equipment, and leasehold improvements are capitalized at cost. It is the Bureau's policy to capitalize expenditures for these items in excess of \$500. Property and equipment, and leasehold improvements are being depreciated over estimated useful lives of five, seven or ten years using the double declining method.

Income Taxes

The Bureau is a nonprofit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Accordingly, these financial statements do not include a provision for income taxes.

Concentrations of Credit Risk

Financial instruments that potentially subject the Bureau to concentrations of credit risk consist principally of cash balances. The Bureau maintains cash balances in a couple different financial institutions located in Columbus, Ohio. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2009, there were no uninsured cash balances at the financial institutions.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

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**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Advertising, Promotion and Marketing

The Bureau expenses all advertising, promotion and marketing costs when incurred.

NOTE 2 - CERTIFICATE OF DEPOSIT

At December 31, 2008, the Bureau owned a certificate of deposit totaling \$80,000. This 12-month certificate earned interest at a rate of 3.36% APY. The certificate of deposit matured on April 15, 2009 and was deposited into the operating checking account to be used toward operating expenses. As of December 31, 2009, the Bureau had not opened another certificate of deposit.

NOTE 3 - LEASE

From January through September 2009, the Bureau leased office space at 4052 Broadway, Grove City, Ohio, under a lease agreement that expired June 30, 2009. The landlord agreed to a month-to-month lease extension with a 90 day notice of moving date. The rent was \$750 per month. Monthly payments due from January 1, 2009 to September 30, 2009 were \$750 per month for a total of \$6,000. The landlord also kept the security deposit of \$650 which was applied as the last month's rent.

The Bureau relocated their office space in September 2009 to the old Huntington Bank building at 3378 Park Street, Grove City, Ohio. The City of Grove City owns the building in which the Bureau is located. A lease agreement between the City of Grove City and the Bureau has been executed for a term of sixty months commencing September 2009, with two options to extend the initial lease term each for an additional twelve month period. The lease agreement states that the Bureau shall not be required to pay any rent for the office space. The Bureau agrees to pay \$50 per month to the City of Grove City to help offset utilities and other costs which the Bureau records as rent expense.

NOTE 4 – RENTAL INCOME

In December 2009, the Bureau began renting space to the Franklin County Genealogical and Historical Society (the Society) for \$50 per month. For the year ended December 31, 2009, the Society paid the Bureau \$100 in rental income.

NOTE 5 - CLEANING EXPENSE AND SUPPLIES

The Bureau shares the building it rents with the Grove City Town Center, Franklin County Genealogical and Historical Society, and Southwest Historical Society. The Bureau pays the invoices for cleaning services and supplies directly. The Grove City Town Center, Franklin County Genealogical and Historical Society, and Southwest Historical Society each reimburse the Bureau monthly for a portion of the cleaning service and supplies. The Bureau's policy is to apply the reimbursement from the three other tenants toward the cleaning expense in order to offset the total cost.

NOTE 6 - GRANT PROGRAM

The Bureau may provide conditional grant funds to non-profit organizations and for-profit businesses to encourage and promote tourism and travel to Grove City and the Grove City Area. The grant program was added to the Bureau's Bylaws, as amended, January 21, 2009. In 2009, \$6,000 was spent for the grant program.

**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

NOTE 7 - CONCENTRATION OF RISK

The Bureau receives a significant amount of its support from the local bed tax. The amount of receipts is solely dependent on the number of hotel rooms in Grove City, the occupancy rate of those rooms, and the average rental rate. The bed tax is collected by the City of Grove City. The loss or reduction of these receipts would have an adverse effect on the Bureau's financial condition.

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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
Grove City Area Visitors and Convention Bureau
Grove City, Ohio

We have audited the financial statements of Grove City Area Visitors and Convention Bureau (the Bureau), as of and for the year ended December 31, 2009, and have issued our report thereon dated June 30, 2010. 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 the Bureau's internal control over financial reporting as a basis for designing our auditing procedures 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 Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control over financial reporting.

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 reasonable possibility that a material misstatement of the Bureau's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau'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*.

This report is intended solely for the information and use of management, the Board of Trustees, and others within the Bureau and is not intended to be and should not be used by anyone other than these specified parties.

Dale Saylor & Associates

Dublin, Ohio
June 30, 2010



Mary Taylor, CPA
Auditor of State

**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
FRANKLIN 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
AUGUST 24, 2010**