

**NORTHERN CINCINNATI CONVENTION AND  
VISITORS BUREAU**

**December 31, 2008**

*FINANCIAL STATEMENT AND INDEPENDENT AUDITORS'  
REPORT INCLUDING SUPPLEMENTAL INFORMATION*





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Northern Cincinnati Convention and Visitors Bureau  
11641 Chester Road, Suite B  
Cincinnati, Ohio 45246

We have reviewed the *Independent Auditors' Report* of the Northern Cincinnati Convention and Visitors Bureau, Hamilton County, prepared by VonLehman and Company, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 Northern Cincinnati Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 13, 2010

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**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU  
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Northern Cincinnati Convention and Visitors Bureau  
Sharonville, Ohio

We have audited the accompanying statement of cash receipts, cash disbursements and change in cash balance of the Northern Cincinnati Convention and Visitors Bureau, Hamilton County, Ohio (a not-for-profit corporation) (the Organization), as of and for the year ended December 31, 2008. This financial statement is the responsibility of the Organization's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 more fully in Note 1, the Organization has prepared this financial statement on the cash receipts, cash disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, cash disbursements and cash balance arising from the cash transactions of the Organization, as of December 31, 2008 and 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 November 18, 2009 on our consideration of the Organization's internal control over financial reporting and 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 conjunction with this report in considering the results of our audit.

*VonLehman & Company Inc.*

Cincinnati, Ohio  
November 18, 2009

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGE IN CASH BALANCE**

	<u>Year Ended December 31, 2008</u>
<b>Cash Receipts</b>	
Greater Cincinnati Convention and Visitors Bureau Grant	\$ 348,067
Hamilton County Hotel Tax Grant	250,000
Other Hamilton County Hotel Tax Grant	355,000
Miscellaneous Income	578
Interest Income	26
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Total Cash Receipts	953,671
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<b>Cash Disbursements</b>	
Salaries and Wages	281,644
Payroll Taxes	20,838
Sales and Marketing	402,337
Greater Cincinnati Sports Corporation Contribution	39,582
Professional Fees	24,956
Utilities	14,396
Travel and Entertainment	20,096
Office Expense	15,342
Membership	5,170
Supplies	2,938
Meetings and Outings	400
Computer Expense	6,637
Recruitment	1,287
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Total Cash Disbursements	835,623
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Change in Cash Balance	118,048
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<b>Beginning Cash Balance, January 1</b>	49,996
	<hr/>
<b>Ending Cash Balance, December 31</b>	\$ <u><u>168,044</u></u>

See accompanying notes.

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU  
NOTES TO THE FINANCIAL STATEMENT**

**NOTE 1 - ACCOUNTING POLICIES**

The Northern Cincinnati Convention and Visitors Bureau (the Organization) is a not-for-profit corporation formed under the laws of the State of Ohio. It operates in Sharonville, Ohio and is supported primarily through grants from the Greater Cincinnati Convention and Visitors Bureau and the Hamilton County hotel tax. The purpose of the Organization is to promote and publicize the northern Cincinnati suburbs for tourism, meetings and conventions.

A summary of the significant accounting policies applied in the accompanying financial statement follows:

**Basis of Accounting**

The Organization's policy is to prepare its financial statement on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Cash receipts are recognized when received rather than when earned, and cash disbursements are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying financial statement is not intended to present the Organization's financial position and results of operations in conformity with U.S. generally accepted accounting principles.

**Credit Risk**

During the year ended December 31, 2008, the Organization's funds were in an interest bearing checking account. The Organization has funds in a financial institution which were not in excess of the 2008 federally insured limit of \$250,000 for interest-bearing accounts, so the Organization was not exposed to potential loss for funds in excess of federal insured limit as of December 31, 2008.

**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statement.

**Functional Expenditures**

The costs of providing various programs and other activities have been summarized on a natural basis in the statement of cash receipts, cash disbursements and change in cash balance. All of the Organization's expenditures relate to program services.



**NOTE 1 - ACCOUNTING POLICIES (Continued)**

**Unrestricted Net Assets**

Unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations. Unrestricted net assets were \$168,044 at December 31, 2008.

There were no temporarily or permanently restricted net assets at December 31, 2008.

**NOTE 2 - CASH RECEIPTS**

The Organization's primary sources of cash receipts are from the Greater Cincinnati Convention and Visitors Bureau and Hamilton County under a funding agreement adopted on September 3, 2003. The original funding agreement ended on December 31, 2004, but has been extended through December 31, 2008.

**NOTE 3 - OPERATING LEASE**

The Organization leases office space located at 11641 Chester Road in Sharonville, Ohio from the City of Sharonville for \$1 per year. In addition, the Organization is required to pay the related utility expenses based on a square footage calculation. The lease term began December 1, 2003 and shall be renewed for one year periods thereafter unless terminated by either party.

**NOTE 4 - RETIREMENT PLAN**

The Organization has a Simple IRA retirement plan with Ameriprise Financial. The Organization matches 3% of employee deferrals. The Organization's share of the contribution to the plan was \$7,359 for the year ended December 31, 2008.

**NOTE 5 - COMMITMENTS**

The Organization entered into a three-year operational funding agreement with the Greater Cincinnati Sports Corporation (GCSC), the Greater Cincinnati Convention and Visitors Bureau, and the Northern Kentucky Convention and Visitors Bureau on January 1, 2006.

During 2008, the Organization contributed \$39,582 to the GCSC, of which a partial payment for 2008's contribution was made in 2007. The Organization's minimum payment liability will be \$60,000 for 2009.

The Organization's funding obligations for GCSC will be revisited each year and will be adjusted based on the approximate total hotel room nights generated by GCSC for each area represented.

**NOTE 6 - BUSINESS CONCENTRATION**

The organization receives the majority of its revenue from two sources. For 2008, the Greater Cincinnati Convention and Visitors Bureau provided 36% of the Organization's total revenue, while Hamilton County provided 63%. The Organization is dependent upon continued funding from both sources to remain in operation.

**NOTE 7 - SUBSEQUENT EVENT**

As discussed in the Business Concentration note, the Organization is dependent on funding from the Greater Cincinnati Convention and Visitors Bureau and Hamilton County for its continued operation. In 2009, a decision was made by the Cincinnati City Council to eliminate funding from the Greater Cincinnati Convention and Visitors Bureau to the Northern Cincinnati Convention and Visitors Bureau. The ability of the Organization to continue operating at its current level is dependent upon its ability to generate sufficient cash flow to meet its anticipated obligations on a timely basis. Therefore, in 2009, the Board of the Northern Cincinnati Convention and Visitors Bureau decided to cease operations in its current capacity. The office closed and the employees were terminated as of October 31, 2009. On December 9, 2009, the Board of Directors decided to dissolve the Northern Cincinnati Convention and Visitors Bureau. All intellectual property will be donated to the Regional Tourism Network.

Subsequent events were evaluated through December 9, 2009.

**NOTE 8 - ACCOUNTING FOR UNCERTAIN TAX POSITIONS**

The Organization has elected to defer the application of the accounting pronouncement entitled "Accounting for Uncertain Tax Positions". The Organization will continue to follow the current U.S. generally accepted accounting policy found in "Accounting for Contingencies" until it adopts this new standard. The standard takes effect for the calendar year end 2009.

**SUPPLEMENTAL INFORMATION**

**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  
Northern Cincinnati Convention and Visitors Bureau  
Sharonville, Ohio

We have audited the financial statement of the Northern Cincinnati Convention and Visitors Bureau as of and for the year ended December 31, 2008, and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Northern Cincinnati Convention and Visitors Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 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 consider 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 U.S. generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statement that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (Findings 2008-001 and 2008-002).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement 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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses in internal control (Findings 2008-003 and 2008-004).

To the Board of Trustees  
Northern Cincinnati Convention and Visitors Bureau  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statement is 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses (Findings 2008-005, 2008-006 and 2008-007).

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Organization's responses and, accordingly, we express no opinion on it.

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

*VonLehman & Company Inc.*

Cincinnati, Ohio  
November 18, 2009

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Internal Control Over Financial Reporting

<b>Finding Number</b>	<b>2008-001</b>
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**Significant Deficiency**

*Follow Policy Requiring Two Board Member Signatures on Checks Over \$3,000 and Executive Director and a Board Member Signature on Checks Over \$1,500 (Repeated from prior audit)* - The Board has a policy requiring two Board member signatures on checks over \$3,000 and the Executive Director and a Board Member signatures on checks over \$1,500. The Executive Director may only sign checks below \$3,000. Through our testing of internal control, we noted several instances where the required two Board member signatures were not on checks over \$3,000, and instances where the required Executive Director and Board member signatures were not on checks over \$1,500. Four of the twenty-five checks tested were not in compliance with the policy.

*Northern Cincinnati Convention and Visitors Bureau response:* This information was not received until early in the last quarter of calendar year 2009. Upon learning that information, a procedure was developed to allow the Treasurer to receive the complete monthly bank statement. That statement included copies of all cancelled checks. In that manner, the Board could monitor compliance with its policy.

<b>Finding Number</b>	<b>2008-002</b>
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**Significant Deficiency**

*Board Should Set Employee Compensation (Repeated from prior audit)* - Per the by-laws of the Organization, the Board of Directors is to set all compensation for employees. Through inquiry, it was determined that compensation of employees is set by the Executive Director, not the Board, which is not in accordance with the by-laws of the Organization.

Board approved salary information should be maintained in each personnel file.

*Northern Cincinnati Convention and Visitors Bureau response:* Again, this information was not received until early in the last quarter of calendar year 2009. The Board reviewed and approved by consensus the compensation of each employee. The Board then instituted a policy of reviewing all future compensation decisions. The pay raises for 2009 were reviewed and approved at the March, 2009 Board meeting.

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008  
(Continued)

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Internal Control Over Financial Reporting

<b>Finding Number</b>	<b>2008-003</b>
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**Material Weakness**

*Address Lack of Segregation of Duties (Repeated from prior audit)* - Through the audit of the Organization's internal control, we noted that the Executive Director has complete control over cash disbursements and payroll, from authorizing expenditures through check writing. In addition, the Executive Director has complete control over cash receipts, from receiving and depositing funds through reconciling the bank statements.

We recommend that procedures be put in place to have another person review the details of cash and payroll transactions on a regular basis, receive the bank statement unopened from the bank and perform the bank reconciliation monthly.

*Northern Cincinnati Convention and Visitors Bureau response:* Additional oversight was being provided by the Treasurer once the weakness was made aware in the last quarter of 2009.

<b>Finding Number</b>	<b>2008-004</b>
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**Material Weakness**

*Record Certain Journal Entries Prior to Year End (Repeated from prior audit)* - The Organization incurred certain material transactions for which it did not record the entire effect of the transaction during the year, and required adjustment during the audit. We made entries regarding fixed assets and cash.

All material transactions must be recorded by the entity as they become known, not simply in connection with the financial statement audit.

*Northern Cincinnati Convention and Visitors Bureau response:* All 2008 journal entries were posted. The staff was directed to continue posting all journal entries in the future.

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008  
(Continued)

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Compliance and Other Matters

<b>Finding Number</b>	<b>2008-005</b>
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**Compliance**

*Obtain General and Professional Liability Insurance (Repeated from prior audit)* - The "Agreement for the Use of County Residual Transient Occupancy Funds Between the Board of County Commissioners of Hamilton County, Ohio and Northern Cincinnati Convention and Visitors Bureau" requires the Organization to maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Organization and its employees. As of December 31, 2008, the Organization did not have professional liability nor general liability insurance coverages.

*Northern Cincinnati Convention and Visitors Bureau response:* Upon being informed of this requirement, the Treasurer contacted an agent for All State Insurance Company. The Agent could not write the insurance through his company so he did an extensive search for a company which would. After finally satisfying the many questions that were asked, the news arrived that funding would be cut off. That fact made it impossible to obtain the insurance.

<b>Finding Number</b>	<b>2008-006</b>
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**Other**

*Make Simple IRA Retirement Plan Contributions in Accordance With the Plan (Repeated from prior audit)* - The Organization maintains a Simple IRA retirement plan for its employees. Employees may contribute a portion of their salary and the Organization contributes up to 3% of salary in matching funds. Through review of the funds received by the third party administrator and the funds to be contributed per the payroll documentation, we noted that less was contributed by the Organization than was withheld from employees and required to be matched by the Organization.

*Northern Cincinnati Convention and Visitors Bureau response:* This question is still under review. The company that receives the funds has no information on the individual's pay and the percentage of funds to be invested so they cannot resolve this question. The Director stated that he informed the payroll company to forward the correct amount to the company that receives the funds. Therefore, the information needed must come from the payroll company. We are awaiting a response from the payroll company.



**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008  
(Continued)**

<b>FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Compliance and Other Matters**

<b>Finding Number</b>	<b>2008-007</b>
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**Other**

*Obtain Fidelity Bonds (Repeated from prior audit)* - The Organization does not maintain fidelity bonds on key personnel. The Organization should consider obtaining bonds of at least \$500,000 for key personnel to protect the Organization against a misappropriation of assets.

*Northern Cincinnati Convention and Visitors Bureau response:* Upon being informed of this requirement, the Treasurer contacted an agent for All State Insurance Company. The Agent could not write the bonds through his company so he did an extensive search for a company which would. After finally satisfying the many questions that were asked, the news arrived that funding would be cut off. That fact made it impossible to obtain the bonds.

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Finding Number	Finding Summary	Fully Corrected?	Not corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid: <b>Explain</b>
<b>Internal Control Over Financial Reporting</b>			
2007-001	Follow Policy requiring two Board member signatures on checks over \$3,000 and Executive Director and a Board member signatures on checks over \$1,500	No	Not corrected. Refer to Finding 2008-001
2007-002	Board should set employee compensation	No	Not corrected. Refer to Finding 2008-002
2007-003	Perform Required Hiring Procedures	Yes	Finding No Longer Valid: No new hires
2007-004	Address Lack of Segregation of Duties	No	Not corrected. Refer to Finding 2008-003
2007-005	Record Certain Journal Entries Prior to Year End	No	Not corrected. Refer to Finding 2008-004
<b>Compliance and Other Matters</b>			
2007-006	Obtain General and Professional Liability Insurance	No	Not corrected. Refer to Finding 2008-005
2007-007	Make Simple IRA Retirement Plan Contributions in Accordance with the Plan	No	Not corrected. Refer to Finding 2008-006
2007-008	Institute Back-Up and Contingency Plans	Yes	
2007-009	Obtain Fidelity Bonds	No	Not corrected. Refer to Finding 2008-007



Mary Taylor, CPA  
Auditor of State

**NORTHERN CINCINNATI CONVENTION & VISITORS BUREAU  
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 27, 2010**