

**The Greater Columbus Convention
& Visitors Bureau
dba Experience Columbus**

Financial Report
December 31, 2011



Dave Yost • Auditor of State

Board of Trustees
The Greater Columbus Convention and Visitors Bureau,
dba Experience Columbus
277 W. Nationwide Blvd, Ste 125
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of The Greater Columbus Convention and Visitors Bureau, dba Experience Columbus, Franklin County, prepared by McGladrey & Pullen, LLP, for the audit period January 1, 2011 through December 31, 2011. 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 Columbus Convention and Visitors Bureau, dba Experience Columbus is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 8, 2012

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**Independent Auditor's Report
On the Financial Statements**

To the Board of Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

We have audited the accompanying consolidated statements of financial position of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus, as of December 31, 2011 and 2010, and the related consolidated statements of activities 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 Controller 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 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 opinions.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus, as of December 31, 2011 and 2010, 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 11, 2012, on our consideration of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus' 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 assessing the results of our audit.

McGladrey & Pullen, LLP

Columbus, Ohio
April 11, 2012

**The Greater Columbus Convention & Visitors Bureau
dba Experience Columbus**

**Consolidated Statements of Financial Position
December 31, 2011 and 2010**

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,146,545	\$ 1,962,404
Investments	550,115	600,000
Accounts receivable	95,379	29,297
Prepaid expenses and deposits	274,230	182,046
Total current assets	3,066,269	2,773,747
Property and Equipment, net	318,343	266,857
Total Assets	\$ 3,384,612	\$ 3,040,604
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 163,783	\$ 90,250
Accrued expenses	273,011	271,548
Deferred revenue	71,373	34,860
Deferred rent	32,100	41,640
Total current liabilities	540,267	438,298
Net Assets		
Unrestricted:		
Property and equipment reserve	65,974	73,592
Undesignated	2,778,371	2,528,714
Total net assets	2,844,345	2,602,306
Total Liabilities and Net Assets	\$ 3,384,612	\$ 3,040,604

See Notes to Consolidated Financial Statements.

**The Greater Columbus Convention & Visitors Bureau
dba Experience Columbus**

**Consolidated Statements of Activities
Years Ended December 31, 2011 and 2010**

	2011	2010
Revenues and Other Support		
Columbus bed tax	\$ 4,357,322	\$ 4,053,130
Promotional Revenue, City of Columbus	854,217	-
Contributions	489,554	481,130
Program revenue	675,384	721,011
Promotional revenue, Franklin County	1,150,000	1,150,000
Contributed services	272,604	275,288
Publication revenue	273,754	225,987
Sports marketing	658,269	662,419
Interest	1,475	1,471
Other income	16,969	13,849
	<u>8,749,548</u>	<u>7,584,285</u>
Expenses		
Convention marketing	3,744,203	3,090,610
Tourism marketing	1,600,443	1,234,893
Communication and public relations	677,090	626,445
Sports marketing	581,210	517,633
Management and general	1,904,563	1,831,252
	<u>8,507,509</u>	<u>7,300,833</u>
Change in Net Assets	242,039	283,452
Net Assets, beginning	<u>2,602,306</u>	<u>2,318,854</u>
Net Assets, ending	<u>\$ 2,844,345</u>	<u>\$ 2,602,306</u>

See Notes to Consolidated Financial Statements.

**The Greater Columbus Convention & Visitors Bureau
dba Experience Columbus**

**Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010**

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	\$ 242,039	\$ 283,452
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	121,758	125,946
Loss on disposal of property and equipment	20,873	-
Increase (decrease) from changes in:		
Accounts receivable	(66,082)	42,117
Prepaid expenses and deposits	(92,184)	1,222
Accounts payable	73,533	(16,202)
Accrued expenses	1,463	22,175
Deferred revenue	36,513	16,994
Deferred rent	(9,540)	(1,084)
Net cash provided by operating activities	328,373	474,620
Cash Flows From Investing Activities		
Purchases of investments	(1,469,748)	(1,950,000)
Proceeds from maturities of investments	1,519,633	2,450,000
Purchase of property and equipment	(194,117)	(50,360)
Net cash provided by (used in) investing activities	(144,232)	449,640
Cash Flows From Financing Activities		
Payments on capital lease obligations	-	(10,208)
Net cash used in financing activities	-	(10,208)
Net increase in cash and cash equivalents	184,141	914,052
Cash and cash equivalents, beginning	1,962,404	1,048,352
Cash and cash equivalents, ending	\$ 2,146,545	\$ 1,962,404
Cash payments for:		
Interest	\$ -	\$ 765

See Notes to Consolidated Financial Statements.

The Great Columbus Convention & Visitors Bureau dba Experience Columbus

Notes to the Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus (“the Organization”) is the official destination marketing organization for Greater Columbus. The Organization established The Experience Columbus Foundation, to further promote its mission. The Organization is the sole member of The Experience Columbus Foundation. The activity of The Experience Columbus Foundation is consolidated into the Organization’s financial statements.

The Greater Columbus Sports Commission operates within Experience Columbus and was organized to promote, attract and service sporting events for Greater Columbus. The Greater Columbus Sports Commission established The Greater Columbus Sports Foundation (“Sports Foundation”), to further promote its mission. The Organization is the sole member of the Sports Foundation. The activity of the Sports Foundation is consolidated into the Organization’s financial statements.

Basis of presentation: The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Consolidation: The consolidated financial statements include the accounts of the Organization, The Experience Columbus Foundation, and the Sports Foundation. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial statement presentation: The Organization reports information regarding its financial position and activities according to the following three classes:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Property and Equipment Reserve – Represents the amount designated by the Organization’s Board to cover the replacement or repair of the Organization’s property and equipment.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. As of December 31, 2011 and 2010, there were no temporarily restricted net assets.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of December 31, 2011 and 2010, there were no permanently restricted net assets.

Cash and cash equivalents: For purposes of the statement of cash flows, cash and cash equivalents represents cash on hand, demand deposits held by banks and short-term investments having an initial maturity of three months or less.

**The Great Columbus Convention & Visitors Bureau
dba Experience Columbus**

Notes to the Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Investments: Investments consist of certificates of deposit with maturities greater than three months when purchased. The certificates of deposit are carried at cost.

Accounts receivable: The Organization grants credit to its Members for participation in various functions. The Organization uses the allowance method to recognize potentially uncollectible accounts. The allowance is provided based on management's estimation of the collectibility of the accounts receivable as of December 31, 2011 and 2010. The estimation takes into consideration historical trends, past history with specific customers and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to not be collectible. Interest is not charged by the Organization on past due accounts. Due to management's belief that all accounts are collectible as of December 31, 2011 and 2010, no allowance has been recorded.

Property and equipment: Property and equipment are recorded at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization are computed under the straight-line method based upon the estimated useful lives of the assets, which range from 3 to 10 years. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful life of the asset. Depreciation expense was \$121,758 and \$125,946 for 2011 and 2010, respectively.

Property and equipment that are donated are recorded at their fair value on the date of receipt. Major renewals and betterments over \$500 are capitalized and depreciated. Maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributed services and materials: The Organization receives support from its members and the community in the form of publications, meeting facilities, lodging, meals and transportation. The estimated fair value of these services is reported as income and expense in the period in which the services are rendered and materials are donated.

Promotion, publication and program revenue: The Organization obtains promotional support from the City of Columbus and Franklin County, Ohio to promote Greater Columbus. The Organization receives support from member and community attendance at programs and special events. The Organization also receives support to assist in reducing the costs of certain publications and the costs associated with attending trade shows and conventions.

**The Great Columbus Convention & Visitors Bureau
dba Experience Columbus**

Notes to the Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Income taxes: The Organization is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any. The Sports Foundation and Experience Columbus Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

The Organization follows Financial Accounting Standards Board (FASB) guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2011 and 2010, there were no unrecognized tax benefits identified or recorded as liabilities.

The Organization files forms 990 and 990T in the U.S. federal jurisdiction and the state of Ohio. With few exceptions, the Organization is no longer subject to examination by the Internal Revenue Service for years before 2008.

Advertising expense: The Organization expenses advertising costs as incurred. Advertising expenses were \$593,551 and \$492,481 for 2011 and 2010, respectively.

Rent expense: Rental expense for leases that contain a predetermined fixed escalation of minimum rent is recognized on a straight-line basis over the lease term. The difference between the recognized rental expense and the amounts payable under the lease is recorded as deferred rent on the accompanying statement of financial position.

Functional allocation of expense: The costs of providing programs and activities have been summarized on a functional basis on the Statement of Activities. Accordingly, certain costs have been allocated among the programs and activities benefited.

Subsequent events: The Organization has evaluated subsequent events for potential recognition and/or disclosure through April 11, 2012, the date the financials were available to be issued.

**The Great Columbus Convention & Visitors Bureau
dba Experience Columbus**

Notes to the Consolidated Financial Statements

Note 2. Investments

Investments at December 31, 2011 and 2010, which consist of certificates of deposit, are stated at cost. Included in the investment balance is \$65,974, which has been designated for the property and equipment reserve. There was no accrued interest in the statement of financial position representing unpaid interest on these investments at December 31, 2011 or 2010. Interest income for 2011 and 2010 includes \$1,475 and \$1,471, respectively, from short-term investments.

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2011	2010
Office furniture and equipment	\$ 494,892	\$ 664,919
Computer equipment	912,697	859,216
Leasehold improvements	267,479	238,432
	<u>1,675,068</u>	<u>1,762,567</u>
Less: accumulated depreciation and amortization	<u>(1,356,725)</u>	<u>(1,495,710)</u>
Property and equipment, net	<u>\$ 318,343</u>	<u>\$ 266,857</u>

Note 4. Line of Credit

The Organization has a \$500,000 line of credit with a bank. Interest is payable monthly at the daily LIBOR rate (.15% and .25% at December 31, 2011 and 2010, respectively) plus 2.70%. The agreement expires in November 2012. The Organization did not have an outstanding balance at December 31, 2011 or 2010.

**The Great Columbus Convention & Visitors Bureau
dba Experience Columbus**

Notes to the Consolidated Financial Statements

Note 5. Contributed Services Income

Contributed services are as follows:

	2011	2010
Convention marketing		
Travel, lodging, meals and incidentals	\$ 51,745	\$ 54,004
Production costs	54,319	35,000
Facility fees	550	7,200
Audio visual	-	400
	<u>106,614</u>	<u>96,604</u>
Tourism marketing		
Travel, lodging, meals and incidentals	14,400	18,424
Visitors center - rent	18,000	18,000
Facility fees	-	5,500
Event promotional supplies	-	1,370
	<u>32,400</u>	<u>43,294</u>
Sports marketing		
Direct marketing	50,965	50,000
Production costs	41,485	39,020
Event promotional supplies	-	2,500
Facility fees	1,500	-
Travel, lodging, meals and incidentals	400	-
	<u>94,350</u>	<u>91,520</u>
Communications and public relations		
Travel, lodging, meals and incidentals	12,632	15,800
Facility fees	9,850	10,210
Event promotional supplies	10,748	9,250
Decorating fees	-	1,800
Other program costs	-	800
	<u>33,230</u>	<u>37,860</u>
Management and general		
Van lease	6,010	6,010
	<u>6,010</u>	<u>6,010</u>
Total	<u>\$ 272,604</u>	<u>\$ 275,288</u>

**The Great Columbus Convention & Visitors Bureau
dba Experience Columbus**

Notes to the Consolidated Financial Statements

Note 6. Retirement Plan and Disability Plan

The Organization has a 401(k) retirement plan that covers all eligible employees. Eligible employees may elect to defer a portion of their annual wages as a contribution to the Plan. The Organization contributes, on behalf of each eligible participant, a discretionary matching contribution equal to 100% of salary reductions up to 3% of compensation, then 50% of salary reductions up to the next 3% of compensation. The Organization also contributes 5% of each participating individual's compensation to the Plan. The Organization may make additional contributions to the Plan at the discretion of the Board of Trustees. Expense related to this plan was \$252,932 and \$228,947 in 2011 and 2010, respectively.

The Organization also has a self-funded disability plan providing for benefits if an employee is unable to work for medical reasons. The Plan provides benefits of 66% of the employee's current salary for the period of disability, not to exceed eight weeks. Disability payments of \$13,203 and \$5,794 were paid in 2011 and 2010, respectively.

Note 7. Lease Commitments

The Organization leases three facilities under operating leases expiring at various dates through 2014. Rent expense was \$511,612 and \$528,918 in 2011 and 2010, respectively.

The future minimum lease payments at December 31, 2011 are as follows:

2012	\$	302,521
2013		303,219
2014		278,563
Total	\$	<u>884,303</u>



Independent Auditor's 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
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

We have audited the financial statements of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus (the Organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated April 11, 2012. 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

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization'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 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.

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 a reasonable possibility that a material misstatement of the entity'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 Organization'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, the City of Columbus, and the Office of the Auditor of the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Columbus, Ohio
April 11, 2012



Dave Yost • Auditor of State

THE GREATER COLUMBUS CONVENTION AND VISITORS BUREAU DBA EXPERIENCE COLUMBUS

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
JUNE 21, 2012