

**MARIETTA/WASHINGTON COUNTY  
CONVENTION AND VISITOR'S BUREAU, INC.**



**FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

---

**JIM PETRO, AUDITOR OF STATE**

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398

Board of Directors  
Marietta/Washington County Convention and Visitor's Bureau, Inc.

We have reviewed the Independent Auditor's Report of the Marietta/Washington County Convention and Visitor's Bureau, Inc., Washington County, prepared by Rea & Associates, Inc. for the audit period January 1, 1998 through December 31, 1999. 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 Marietta/Washington County Convention and Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

September 25, 2000

MARIETTA/WASHINGTON COUNTY CONVENTION  
AND VISITOR'S BUREAU, INC.



FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Financial Statements:	
Statement of Financial Position.....	2
Statements of Activities.....	3
Statement of Cash Flows .....	4
Notes to Financial Statements .....	5-7
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> .....	8-10

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 20, 2000

Board of Directors  
Marietta/Washington County Convention and Visitor's Bureau, Inc.  
Marietta, OH 45750

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of Marietta/Washington County Convention and Visitor's Bureau, Inc. (a non-profit organization) (the Bureau) as of December 31, 1999 and 1998, 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 audits.

We conducted our audits in accordance with 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marietta/Washington County Convention and Visitor's Bureau, Inc. as of December 31, 1999 and 1998 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2000, on our consideration of the Marietta/Washington County Convention and Visitor's Bureau, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Rea & Associates, Inc.*

**MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITOR'S BUREAU, INC.**

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 1999 AND 1998

	<u>ASSETS</u>	
	<u>1999</u>	<u>1998</u>
CURRENT ASSETS:		
Cash	64,775	61,893
Bed tax revenues receivable	7,954	2,888
Membership receivable	<u>5,568</u>	<u>2,075</u>
Total Current Assets	78,297	66,856
EQUIPMENT:		
Trolley	6,526	6,526
Outdoor sign	1,150	1,150
Office furniture and equipment	11,569	11,569
Computer equipment	13,840	13,840
Silhouettes	<u>6,000</u>	<u>6,000</u>
	39,085	39,085
Less: accumulated depreciation	<u>31,465</u>	<u>27,381</u>
	7,620	11,704
OTHER ASSETS:		
Restricted cash	<u>2,222</u>	<u>2,222</u>
Total Assets	<u>\$ 88,139</u>	<u>\$ 80,782</u>
	<u>TOTAL LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	1,310	4,063
Withheld payroll taxes	2,845	2,135
Deferred membership fees	<u>26,238</u>	<u>22,348</u>
Total current liabilities	30,393	28,546
NET ASSETS:		
Temporarily restricted	2,222	2,222
Unrestricted	<u>55,524</u>	<u>50,014</u>
	57,746	52,236
Total Liabilities and Net Assets	<u>\$ 88,139</u>	<u>\$ 80,782</u>

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

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITOR'S BUREAU, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 1999 AND 1998

	1999	Percent of Revenue	1998	Percent of Revenue
<b>REVENUES:</b>				
Bed tax revenue	195,454	43.70 %	203,040	88.32 %
Membership	23,145	5.18	21,358	9.29
Grant Revenue	221,742	49.58	0	0.00
Washington County Commissioners	5,000	1.12	5,000	2.17
Fundraisers and merchandise sales	1,874	0.42	493	0.21
Total revenue	<u>447,215</u>	100.00	<u>229,891</u>	100.00
<b>OPERATING EXPENSES:</b>				
Salaries and wages	78,158	17.48	78,782	34.27
Taxes - payroll	6,628	1.48	6,317	2.75
Depreciation	4,084	0.91	4,890	2.13
Employee insurance	6,623	1.48	6,866	2.99
Office supplies and expense	12,888	2.88	11,004	4.79
Printing	15,000	3.35	0	0.00
Postage	15,306	3.42	14,573	6.34
Staff training	608	0.14	736	0.32
Telephone	7,388	1.65	8,164	3.55
Repairs and maintenance	2,645	0.59	1,364	0.59
Moving expenses	999	0.22	0	0.00
Rent	7,800	1.74	7,800	3.39
Accounting and legal fees	1,000	0.22	4,586	1.99
In-kind promotional	36,600	8.18	0	0.00
Insurance - liability and bonding	3,691	0.83	2,016	0.88
Advertising	211,301	47.25	41,168	17.91
Trolley expenses	1,844	0.41	1,192	0.52
Visitor's guide	8,872	1.98	4,550	1.98
Travel and entertainment	2,780	0.62	4,723	2.05
Promotional	4,640	1.04	3,766	1.64
Conventions and trade shows	9,258	2.07	10,800	4.70
Cost of merchandise sold promotional	0	0	16	0.01
Dues and organizations expense	4,476	1.00	3,844	1.67
Total operating expenses	<u>442,589</u>	<u>98.97</u>	<u>217,157</u>	<u>94.46</u>
<b>INCOME FROM OPERATIONS</b>	<u>4,626</u>	<u>1.03</u>	<u>12,734</u>	<u>5.54</u>
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense	(118)		(139)	
Interest income	1,002		467	
Loss on disposal of assets	<u>0</u>		<u>(414)</u>	
Total other income (expense)	884	0.20	(86)	-0.04
<b>NET REVENUE IN EXCESS OF EXPENSES</b>	5,510	<u>1.23 %</u>	12,648	<u>5.50 %</u>
<b>UNRESTRICTED NET ASSETS - BEGINNING OF YEAR -</b>				
as previously stated	<u>50,014</u>		<u>43,181</u>	
Prior Period Adjustment	<u>0</u>		<u>(5,815)</u>	
<b>UNRESTRICTED NET ASSETS - BEGINNING OF YEAR -</b>				
as restated	<u>50,014</u>		<u>37,366</u>	
<b>UNRESTRICTED NET ASSETS - END OF YEAR</b>	55,524		50,014	
<b>RESTRICTED NET ASSETS - BEGINNING OF YEAR</b>	<u>2,222</u>		<u>2,222</u>	
<b>RESTRICTED NET ASSETS - END OF YEAR</b>	<u>\$ 2,222</u>		<u>\$ 2,222</u>	

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

**MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITOR'S BUREAU, INC.**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from members and other sources	\$ 438,656	\$ 263,508
Cash paid to suppliers and employees	(436,658)	(206,683)
Interest received	1,002	467
Interest paid	<u>(118)</u>	<u>(139)</u>
Net cash provided by operating activities	2,882	57,153
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	<u>0</u>	<u>(1,842)</u>
Net cash used by investing activities	0	(1,842)
Net increase in cash	\$ 2,882	\$ 55,311
CASH AND CASH EQUIVALENTS, beginning of year	<u>64,115</u>	<u>8,804</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 66,997</u>	<u>\$ 64,115</u>
<b>RECONCILIATION OF EXCESS REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net revenue in excess of expenses	\$ 5,510	\$ 12,648
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation	4,084	4,890
Loss on sale of equipment	0	414
(Increase) decrease in assets:		
Receivables	(8,559)	33,617
Increase (decrease) in liabilities:		
Accounts payable	(2,753)	4,063
Payroll taxes	710	531
Deferred membership fees	<u>3,890</u>	<u>990</u>
Net cash provided by operating activities	<u>\$ 2,882</u>	<u>\$ 57,153</u>

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

**MARIETTA/WASHINGTON COUNTY CONVENTION  
AND VISITOR'S BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting principles and practices of Marietta/Washington County Convention and Visitor's Bureau, Inc. (the Bureau) are set forth to facilitate the understanding of data presented in the financial statements.

Nature of Activities

Marietta/Washington County Convention and Visitor's Bureau, Inc. was organized to enhance and promote the Marietta area as a meeting place for conventions and conferences and as an attraction for tourists.

Basis of Accounting

The financial statements of the Marietta/Washington County Convention & Visitor's Bureau have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Property and Equipment

Expenditures for property and equipment and for renewals and betterments which extend the originally estimated economic lives of assets are capitalized at cost. Expenditures for maintenance and repairs are charged to expense. Items which are sold, retired or otherwise disposed are removed from the asset accounts, and any gains or losses are reflected in income.

The estimated useful lives and the depreciation methods are as follows:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Trolley	20 years	Straight line
Signs	10 years	Straight line
Office equipment	5-7 years	Straight line
Computer equipment	5 years	Straight line
Silhouettes	7 years	Straight line

Income Taxes

The Bureau is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**MARIETTA/WASHINGTON COUNTY CONVENTION  
AND VISITOR'S BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues and Expenses as net assets released from restrictions.

Restricted Cash

The organization has cash that is restricted by the donee. The cash is to be used for the purpose of acquiring equipment. The amount of restricted cash at December 31, 1999 and 1998 of \$2,222 also represents the temporarily restricted net assets.

Advertising Costs

Advertising costs are charged to operations in the year incurred and totaled \$211,301 and \$41,168 for 1999 and 1998, respectively.

NOTE 2: RELIANCE ON BED TAX REVENUE

The Bureau receives a significant amount of its support from permissive lodging excise tax. The excise tax is collected by the City of Marietta. The loss of this revenue would have an adverse effect on the Organization's financial condition.

NOTE 3: RENT

The Bureau leases its facilities from a local unrelated non-profit organization. The lease is month to month and rent expense was \$7,800 in 1999 and 1998.

NOTE 4: DONATED SERVICES

No amounts have been reflected in the financial statements for donated services. The Bureau generally pays for services requiring specific expertise. The Bureau received donated services consisting of answering the phone and mailing brochures. Grant revenue totaled \$221,742 for 1999 and \$36,600 of the total grant revenue and expenses were in-kind for 1999.

**MARIETTA/WASHINGTON COUNTY CONVENTION  
AND VISITOR'S BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 5: PRIOR PERIOD ADJUSTMENT

Prior to 1998, the financial statements were prepared using the modified cash basis of accounting. A prior period adjustment was made to the 1998 balances regarding the deferred membership receivable in 1997 recorded in 1998. The adjustment reduced unrestricted net assets by \$5,815.

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 20, 2000

Board of Directors  
Marietta/Washington County Convention & Visitor's Bureau  
316 Third Street  
Marietta, Ohio 45750

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING  
STANDARDS**

We have audited the financial statements of the Marietta/Washington County Convention & Visitor's Bureau (a non-profit organization) as of and for the years ended December 31, 1999 and 1998, and have issued our report in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Marietta/Washington County Convention & Visitor's Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

*Rea & Associates, Inc.*

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Marietta/Washington County Convention & Visitor's Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Marietta/Washington County Convention & Visitor's Bureau's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

### Reportable Conditions

1. Condition – A grant was entered into between a Federal Agency and the Marietta/Washington County Convention & Visitor's Bureau and there was no indication of Board of Director approval noted in the minutes.

Criteria – Grants and contracts entered into should be noted as approved in the minutes of the Board of Directors' meetings.

Possible effect – Without proper board approval and documentation of such in the board minutes, contracts would be entered into without knowledge of agency compliance requirements and future board commitments.

Recommendation – We recommend that procedures be implemented to ensure that contracts and grants are not entered into without appropriate board approval and related documentation.

2. Condition – The agency was awarded a Federal grant that was not administered by the Marietta/Washington County Convention & Visitor's Bureau.

Criteria – Grants entered into should be controlled and administered by the grantee.

Possible effect – Expenditures could be spent on items not intended in the grant. Also, grant income and expenses could be inappropriately excluded from being properly recorded on the books and records of the CVB.

Recommendation – We recommend that all future grants entered into be administered by the grantee.

3. Condition – We noted that certain expense reports were reimbursed without appropriate documented approval.

Criteria – All expense reports should be documented as approved.

Possible effect – Expenditures could be made for items that are not for CVB purposes.

Recommendation – We recommend that all expense reports be documented as approved including those for the executive director. These reports should be approved by an individual who is at a level higher than the individual submitting the report for reimbursement.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, of the reportable conditions described above, we consider items 1 and 2 to be material weaknesses. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

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



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**MARIETTA WASHINGTON COUNTY CONVENTION AND VISITORS BUREAU, INC**

**WASHINGTON 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  
OCTOBER 5, 2000**