

**Youngstown/Mahoning County
Convention & Visitor's Bureau**

Youngstown, Ohio

**Report on Audit of Financial Statements
and Supplemental Information**

For the Year Ended December 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Youngstown/Mahoning County Convention & Visitors Bureau

We have reviewed the Independent Auditor's Report of the Youngstown/Mahoning County Convention & Visitors Bureau, Mahoning County, prepared by Reali, Giampetro & Scott for the audit period January 1, 2000 through December 31, 2000. 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 Youngstown/Mahoning County Convention & Visitors Bureau is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

October 3, 2001

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Reali, Giampetro & Scott

A Professional Corporation

3850 Starrs Centre Drive, Canfield, OH 44406

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Youngstown/Mahoning County Convention and Visitor's Bureau
Youngstown, Ohio

We have audited the accompanying Statements of Financial Position of Youngstown/Mahoning County Convention and Visitor's Bureau, (a Not-for-Profit Corporation) as of December 31, 2000 and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Youngstown/Mahoning County Convention and Visitor's Bureau, as of December 31, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated August 15, 2001, on our consideration of Youngstown/Mahoning County Convention and Visitor's Bureau'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.

Reali, Giampetro & Scott
August 15, 2001

STATEMENT OF FINANCIAL POSITION

YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2000

ASSETS

Cash and cash equivalents	\$ 120,950
Certificates of deposit	398,909
Prepaid expenses	3,015
Investments	66,704
Property and equipment	<u>9,652</u>

TOTAL ASSETS \$ 599,230

LIABILITIES

Accounts payable	\$ 2,193
Accrued payroll and related liabilities	<u>4,974</u>

TOTAL LIABILITIES 7,167

NET ASSETS

Unrestricted	<u>592,063</u>
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TOTAL NET ASSETS 592,063

TOTAL LIABILITIES AND NET ASSETS \$ 599,230

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES

YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

For the Year Ended December 31, 2000

CHANGES IN UNRESTRICTED NET ASSETS

REVENUES

Transient occupancy tax	\$ 443,460
Earnings on investments	3,024
Miscellaneous Income	<u>13,734</u>

TOTAL UNRESTRICTED REVENUES 460,218

EXPENSES

Program	315,729
Management, General and Support Services	<u>80,889</u>

TOTAL EXPENSES 396,618

CHANGE IN UNRESTRICTED NET ASSETS 63,600

NET ASSETS AT BEGINNING OF YEAR 436,732

PRIOR PERIOD ADJUSTMENT 91,731

NET ASSETS AT END OF YEAR \$ 592,063

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

For the Year Ended December 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 63,600
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,557
Unrealized loss on investments	28,840
(Increase) decrease in operating assets:	
Accounts receivable	10,657
Prepaid expenses	2,695
Increase (decrease) in operating liabilities:	
Accounts payable	2,193
Accrued payroll and related liabilities	4,468
	<hr/>
TOTAL ADJUSTMENTS	52,410
NET CASH PROVIDED BY OPERATING ACTIVITIES	116,010

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of furniture and equipment	(7,430)
Purchases of certificates of deposit	(184,179)
	<hr/>
NET CASH (USED IN) INVESTING ACTIVITIES	(191,609)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,599)

BEGINNING CASH AND CASH EQUIVALENTS

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ENDING CASH AND CASH EQUIVALENTS	\$ 120,950
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CASH WAS PAID FOR

Interest	\$ -
Income taxes	\$ -
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2000

A. ACCOUNTING POLICIES

Nature of Activities

The Youngstown/Mahoning County Convention and Visitor's Bureau (Bureau) is a nonprofit organization established by the Mahoning County Board of Commissioners to promote and encourage tourism in Mahoning County.

The authority to form the Bureau is provided under the Ohio Revised Code which permits the County to levy an excise tax on lodgings furnished to transient guests and expend the receipts of the tax on a convention and visitor's bureau.

Program Services

For financial statement purposes, the Corporation has one program service which is to promote and encourage tourism in the Mahoning County.

Program Revenue and Restriction Policies

A majority of revenues are received from Mahoning County through excise taxes levied on lodgings furnished to transient guests of Mahoning County hotels and motels. These monies are treated as unrestricted net assets because the monies are to be used at the discretion of the Corporation, as long as it's to be used to promote tourism in the Mahoning County as required by state law. The Corporation receives no monies which need to be classified as temporary or permanently restricted net assets.

The Corporation recognizes revenues at the point the Mahoning County receives the excise tax from the Mahoning County hotels and motels. At year-end, the County submitted all monies due to the Corporation; therefore no amounts were due from the County.

Accounting Method

The financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Estimates

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

Financial Statement Presentation

The Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS

YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2000

A. ACCOUNTING POLICIES (CONTINUED)

Liquidity of Assets and Liabilities

The presentation of assets and liabilities in the Statement of Financial Position is generally in the order of liquidity.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Marketable Investments

The Corporation has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets. Market value at the end of the year is based on the quoted stock exchange values.

Property and Equipment

It is the Corporation's policy to capitalize all expenditures for property and equipment over \$500. The equipment is being depreciated using the straight-line method over years ranging from three to ten years.

Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

Expense Allocations

For financial statement purposes, the Corporation charges to program services only expenses that can be directly related to the program services. Management, general and support services expenses include those expenses that provide overall support and direction of the Corporation.

Advertising

The Corporation uses advertising to promote and encourage tourism in the Mahoning County. The costs of this advertising is expensed the first time the advertising takes place.

NOTES TO FINANCIAL STATEMENTS

YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2000

B. CERTIFICATES OF DEPOSIT

The Corporation has eight certificates of deposit with interest rates ranging from 6.16% to 7.10% and maturity dates ranging from September 2001 to September 2002. Because the maturity dates are in excess of three months from the dates of purchase, the certificates do not meet the criteria of cash equivalents.

C. INVESTMENTS

The Corporation's investments, recorded at market value are summarized as follows:

	<u>Market Value</u> <u>December 31, 1999</u>	<u>Unrealized</u> <u>Loss</u>	<u>Market Value</u> <u>December 31, 2000</u>
Stock – United Community Financial Corp.	\$ 95,544	\$ 28,840	\$ 66,704

Earnings on investments plus cash accounts and the certificates of deposits consisted of \$28,840 of unrealized losses and \$31,864 of dividends and interest income. All earnings from investments are considered operating returns for financial statement purposes.

D. EQUIPMENT

Property and equipment consist of the following:

Furniture, fixtures, and equipment	\$ 106,456
Accumulated depreciation	<u>(96,804)</u>
	<u>\$ 9,652</u>

Depreciation expense amounted to \$3,557 for the year.

E. LEASES

During the year, the Corporation leases office space for use in its operations. Monthly payments are \$2,330 until the end of the lease (December 2002). However, the lessor can increase the lease in 2001 subject to a consumer price index formula. Total expense amounted to \$25,624.

F. PRIOR PERIOD ADJUSTMENTS

Certain errors were discovered in prior years during the current year audit. The errors were resulted in the understatement of investments because of non-implementation of FASB 124, and the understatement of accruals and prepaid expenses. The corrections have no effect on the current year activities; however, the cumulative effect increases net assets by \$91,731 at the beginning of the year.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Youngstown/Mahoning County Convention and Visitor's Bureau
Youngstown, Ohio

We have audited the financial statements of Youngstown/Mahoning County Convention and Visitor's Bureau, (a Not-for-Profit Corporation) for the year ended December 31, 2000, and have issued our report thereon dated August 15, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether Youngstown/Mahoning County Convention and 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Youngstown/Mahoning County Convention and 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 the internal control structure and its operation that we consider being reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Following are the reportable conditions we noted:

Segregation of Duties

It is basic that sound internal control structure embraces segregation of duties. Incompatible functions for control purposes are those that place any person in a position both to perpetrate and to conceal errors or irregularities in the normal course of their duties. Anyone who records transactions or has access to assets ordinarily is in a position to perpetrate errors and irregularities. Accordingly, control necessarily depends largely on the elimination of opportunities for concealment. (For example, anyone who deposits monies should not prepare bank reconciliations and record transactions in the books and records.)

Segregation of Duties (Continued)

In Youngstown/Mahoning County Convention and Visitor's Bureau, as is the case in most organizations of its approximate size, the limited number of accounting and record-keeping personnel make adequate segregation of duties impracticable or impossible. In such organizations, the Executive Director and Board of Directors should continue to be vigilant in safeguarding assets, checking the accuracy and reliability of accounting data, promoting operational efficiency and encouraging adherence to prescribed managerial policies. This extra care by the Executive Director and Board of Directors is necessary to counterbalance the internal control deficiencies caused by too limited personnel.

Books and Records

The books and records of the Corporation were on the cash basis. In addition certificates of deposit, investments and fixed assets were not included in the books and records. Therefore, only the cash receipts and cash disbursements of one cash account were recorded in the system. Also, the bank reconciliation was not prepared to determine if the general ledger balance agreed to the bank reconciliation. Incomplete books and records fosters an environment where financial statement misrepresentations would be easier to conceal. We recommend that a full set of books and records be maintained in the future years to eliminate the climate of financial statement misrepresentation.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we consider both items above to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we reported to management of Youngstown/Mahoning County Convention and Visitor's Bureau in a separate letter dated August 15, 2001.

This report is intended solely for the information of management and is not intended to be nor should it be used by anyone other than these specified parties.

Reali, Giampetro & Scott

August 15, 2001

SUPPLEMENTAL INFORMATION

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
Youngstown/Mahoning County Convention and Visitor's Bureau
Youngstown, Ohio

The audited financial statements of the Corporation and our report thereon are presented in the preceding section of this report. Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Reali, Giampetro & Scott

August 15, 2001

SCHEDULE OF OPERATING EXPENSES

YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

For the Year Ended December 31, 2000

	<u>Program Services</u>	<u>Management, General and Support Services</u>	<u>Total</u>
Salaries and wages	\$ 66,262	\$ 42,910	\$ 109,172
Casual labor	-	685	685
Payroll taxes	5,940	3,959	9,899
Hospitalization	6,550	4,264	10,814
Employee parking	-	1,504	1,504
Cell phone	900	-	900
Milage	3,580	-	3,580
Rent	25,624	-	25,624
Professional fees	12,495	-	12,495
Legal fees	-	1,211	1,211
Accounting fees	-	5,445	5,445
Telephone	5,181	-	5,181
Insurance	-	3,391	3,391
Postage	6,704	-	6,704
Bank fees	-	322	322
Billboards	31,662	-	31,662
Advertising	30,575	-	30,575
Promotion	9,347	-	9,347
Printed material	38,650	-	38,650
Prints	249	-	249
Special events	8,441	-	8,441
Calendar	5,213	-	5,213
Meetings/Seminars	15,423	-	15,423
Travel/Hospitality	27,451	-	27,451
Dues	15,482	-	15,482
Office supplies	-	12,664	12,664
Repairs	-	678	678
Depreciation	-	3,557	3,557
Miscellaneous	-	299	299
	<u> </u>	<u> </u>	<u> </u>
TOTALS	<u>\$ 315,729</u>	<u>\$ 80,889</u>	<u>\$ 396,618</u>

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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YOUNGSTOWN MAHONING COUNTY CONVENTION AND VISITORS BUREAU

MAHONING 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 18, 2001**