

**THE DELAWARE COUNTY CONVENTION AND
VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS
DECEMBER 31, 2001 and 2000

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Delaware County Convention and Visitors Bureau, Inc.
44 E. Winter Street
Delaware, Ohio 43015

We have reviewed the Independent Auditor's Report of the Delaware County Convention and Visitors Bureau, Inc., Delaware County, prepared by Wolf, Rogers, Dickey, & Co., for the audit period January 1, 2000 to December 31, 2001. 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 Delaware County Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 9, 2002

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Report of Independent Accountants

To the Board of Trustees of
The Delaware County Convention and
Visitors Bureau, Inc.
Delaware, Ohio

We have audited the accompanying statements of financial position of The Delaware County Convention and Visitors Bureau, Inc. (a nonprofit organization) as of December 31, 2001 and 2000 and the related 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 the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Delaware County Convention and Visitors Bureau, Inc. as of December 31, 2001 and 2000 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 a report dated May 31, 2002, on our consideration of The Delaware County Convention and Visitors 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.


Certified Public Accountants

Delaware, Ohio
June 4, 2002

The Delaware County Convention and Visitors Bureau, Inc.
Statements of Financial Position
December 31, 2001 and 2000

Assets

	<u>2001</u>	<u>2000</u>
Current assets:		
Cash	\$ 103,508	99,491
Accounts receivable	19,197	28,123
Prepaid expenses and deposits	<u>3,318</u>	<u>3,910</u>
Total current assets	126,023	131,524
Property and equipment, net of accumulated depreciation	13,585	16,020
Restricted cash	<u>39,562</u>	<u>37,993</u>
	\$ <u>179,170</u>	<u>185,537</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	-	205
Accrued expenses	<u>2,632</u>	<u>1,683</u>
Total current liabilities	2,632	1,888
Unearned tax revenue	<u>39,562</u>	<u>37,993</u>
Total liabilities	42,194	39,881
Unrestricted net assets	<u>136,976</u>	<u>145,656</u>
	\$ <u>179,170</u>	<u>185,537</u>

See accompanying notes to financial statements

The Delaware County Convention and Visitors Bureau, Inc.
Statements of Activities
For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Revenues:		
Excise tax on lodging	\$ 142,017	159,685
Interest	2,355	4,210
Souvenir sales	<u>596</u>	<u>355</u>
Total revenues	144,968	164,250
Expenses:		
Salaries	55,107	51,683
Marketing and promotions	35,890	44,149
Occupancy	15,900	15,716
Publishing	15,817	15,496
Payroll taxes and fringe benefits	8,793	7,641
Depreciation	5,086	5,064
Office supplies	4,571	4,260
Dues and subscriptions	2,405	2,367
Telephone	2,346	2,947
Professional fees	2,331	2,097
Training and conferences	2,000	2,472
Mileage and parking	1,187	1,012
Office equipment	912	514
City collection fee	500	500
Administrative fees	414	324
Other	<u>389</u>	<u>310</u>
Total expenses	<u>153,648</u>	<u>156,552</u>
Excess (deficiency) of revenues over (under) expenses	(8,680)	7,698
Unrestricted net assets at beginning of year	<u>145,656</u>	<u>137,958</u>
Unrestricted net assets at end of year	\$ <u>136,976</u>	<u>145,656</u>

See accompanying notes to financial statements

The Delaware County Convention and Visitors Bureau, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Excise tax on lodging receipts	\$ 150,943	172,434
Interest income	<u>2,355</u>	<u>4,620</u>
	153,298	177,054
Salaries	(54,158)	(50,357)
Marketing and promotions	(35,890)	(44,149)
Occupancy	(15,900)	(15,716)
Publishing	(15,817)	(15,496)
Payroll taxes and fringe benefits	(8,793)	(7,641)
Other expenses	<u>(16,072)</u>	<u>(17,448)</u>
	<u>(146,630)</u>	<u>(150,807)</u>
Net cash provided by operating activities	6,668	26,247
Cash flows from investing activities –		
Purchase of equipment	<u>(2,651)</u>	<u>(6,242)</u>
Net change in cash	4,017	20,005
Cash at beginning of year	<u>99,491</u>	<u>79,486</u>
Cash at end of year	\$ <u>103,508</u>	<u>99,491</u>
Reconciliation of change in unrestricted net assets to net cash provided by operating activities:		
Change in unrestricted net assets	(8,680)	7,698
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,086	5,064
Decrease in accounts receivable	8,926	13,159
Decrease (increase) in deposits and prepaid expenses	592	(7)
(Decrease) in accounts payable	(205)	(993)
Increase in accrued expenses	<u>949</u>	<u>1,326</u>
Net cash provided by operating activities	\$ <u>6,668</u>	<u>26,247</u>

See accompanying notes to financial statements

The Delaware County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2001 and 2000

(1) Summary of Significant Accounting Policies

Organization

The Delaware County Convention and Visitors Bureau (the CVB) is a not-for-profit organization which promotes travel and tourism in Delaware County, Ohio. The organization is funded by an excise tax on lodging of transient guests within Delaware County. The CVB is governed by a Board of Trustees composed of at least eleven members appointed by Delaware County Chambers of Commerce, Commissioners, Fair Board and the Trustees.

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.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in banks.

Property and Equipment

Property and equipment with cost greater than \$100 are capitalized and depreciated using the declining balance method over estimated useful lives from three to ten years.

Compensated Absences

A liability is accrued for vacation time when employees' rights to compensation are earned, vested and measurable. This liability was \$433 and \$762 at December 31, 2001 and 2000, respectively, and is included in accrued expenses.

Income Taxes

The CVB is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The CVB has unrelated business income from souvenir sales. No provision has been made for income tax as the CVB anticipates the associated expenses will exceed the sale revenue.

The Delaware County Convention and Visitors Bureau, Inc.
Notes to Financial Statements, continued
December 31, 2001 and 2000

(1) Summary of Significant Accounting Policies - continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

(2) Concentrations of Credit Risk

The CVB maintains a checking account with a local financial institution. The account is insured by the Federal Deposit Insurance Corporation up to \$100,000. The CVB had no uninsured account balances at December 31, 2001 and 2000, respectively.

The CVB also maintains funds in a federated investment account pursuant to a master repurchase agreement. Terms of the agreement require the bank to purchase government securities as collateral. Such securities are segregated from other securities owned by the bank as subject to the agreement. The CVB had a balance of \$90,000 and \$95,000 in this account at December 31, 2001 and 2000, respectively.

(3) Property and Equipment

Property and equipment consisted of the following:

	<u>2001</u>	<u>2000</u>
Office equipment	\$ 31,255	28,607
Leasehold improvements	<u>3,380</u>	<u>3,380</u>
	34,635	31,987
Accumulated depreciation	<u>(21,050)</u>	<u>(15,967)</u>
	\$ <u>13,585</u>	<u>16,020</u>

(4) Excise Tax on Lodging

The 3% excise tax on lodging is collected by the City of Delaware, Ohio (the City) under an agreement with Delaware County.

The Delaware County Convention and Visitors Bureau, Inc.
Notes to Financial Statements, continued
December 31, 2001 and 2000

(5) Leases

The CVB leases office space under a lease agreement that expires September 30, 2002. The lease agreement requires a security deposit and monthly payments of \$1,162 through September 30, 2001 and \$1,191 as of October 1, 2001. Rent expense for 2001 and 2000 was \$14,027 and \$13,657, respectively.

In addition, the CVB leases certain office equipment under an operating lease that expires in October 2002. The lease requires monthly payments of \$151 plus a charge for excess copies. Payments under the lease totaled \$1,944 and \$2,003 for the years ended December 31, 2001 and 2000, respectively.

(6) Employee Benefits

The CVB has adopted a self-funded, short-term disability personnel policy covering the Executive Director. Under terms of the personnel policy, the Director would be paid 60% of her salary until such time as the long-term disability insurance policy commences coverage. The CVB's liability for the short-term disability coverage would occur after all vacation and sick leave has been used. No liability for this personnel policy has been recorded in the financial statements, however, the CVB's potential liability under this policy is approximately \$5,365 and \$4,943 at December 31, 2001 and 2000, respectively.

(7) Unearned Tax Revenue

In 1999, a Delaware County hotel collected and remitted the Delaware County excise tax on lodging. Because this hotel was located in the City of Columbus no Delaware County tax should have been collected. The Delaware County Prosecutor's office advised the CVB that pursuant to Ohio Revised Code Section 5739.07, consumers who have erroneously paid this tax may file an application for a refund during the four years after the tax was paid. In addition, the funds already collected should be kept in a separate fund until the four-year period has expired. At that time, the funds may be released and utilized as any other funds from the lodging tax.

The unearned tax revenue and restricted cash on the statement of financial position represents the excise tax on lodging the CVB received that should not have been collected. Total funds plus interest earned were \$39,562 and \$37,993 at December 31, 2001 and 2000, respectively.

**Report On Compliance And On Internal Control Over Financial Reporting
Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards**

To the Board of Trustees of
The Delaware County Convention and Visitors Bureau, Inc.

We have audited the financial statements of The Delaware County Convention and Visitors Bureau, Inc. (the CVB) (a nonprofit organization) as of and for the year ended December 31, 2001 and have issued our report thereon dated June 4, 2002. 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 the CVB 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 our audit, we considered the CVB'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. 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. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of trustees and management and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

Delaware, Ohio
June 4, 2002



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DELAWARE COUNTY CONVENTION AND VISITORS BUREAU, INC.

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 27, 2002**