

DUBLIN CONVENTION & VISITORS BUREAU

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2001 and 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Trustees
Dublin Convention & Visitors Bureau
9 South High Street
Dublin, Ohio 43017

We have reviewed the Independent Auditor's Report of the Dublin Convention & Visitors Bureau, Franklin County, prepared by Dale Saylor & Associates, for the audit period July 1, 2000 through June 30, 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 Dublin Convention & Visitors Bureau is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 26, 2001

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DUBLIN CONVENTION AND VISITORS BUREAU
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Dale Saylor & Associates

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Dublin Convention and Visitors Bureau
Dublin, Ohio

We have audited the accompanying consolidated statements of financial position of the Dublin Convention and Visitors Bureau (a nonprofit organization) and its affiliate, the Dublin Visitor and Information Center, as of June 30, 2001 and 2000, 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 consolidated 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 Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Dublin Convention and Visitors Bureau and its affiliate as of June 30, 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 our report dated December 5, 2001 on our consideration of the Dublin Convention and Visitors 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 audits.

Dale Saylor & Associates

Dublin, Ohio

December 5, 2001

DUBLIN CONVENTION AND VISITORS BUREAU
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Current assets		
Cash	\$ 3,200	\$ 25,796
Bed tax revenue receivable	43,878	37,973
Accounts receivable, DVIC	8,000	-
Accounts receivable, other	3,354	6,048
Prepaid rent and services	<u>-</u>	<u>1,556</u>
Total current assets	58,432	71,373
Fixed assets		
Computers, equipment and furniture, net of accumulated depreciation of \$9,510 and \$4,900	61,030	8,456
Leasehold improvements, net of accumulated amortization of \$2,038 and \$0	<u>59,103</u>	<u>-</u>
Total fixed assets	120,133	8,456
Other assets		
Deposits	<u>28</u>	<u>28</u>
Total other assets	<u>28</u>	<u>28</u>
Total assets	\$ <u>178,593</u>	\$ <u>79,857</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Simple IRA withholding payable	\$ 442	\$ -
Deferred revenue	6,666	-
Bank line of credit (note 6)	<u>55,000</u>	<u>-</u>
Total current liabilities	<u>62,108</u>	<u>-</u>
Total liabilities	62,108	-
Unrestricted net assets	<u>116,485</u>	<u>79,857</u>
Total liabilities and net assets	\$ <u>178,593</u>	\$ <u>79,857</u>

The accompanying notes are an integral part of the consolidated financial statements.

DUBLIN CONVENTION AND VISITORS BUREAU
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Changes in net assets:		
Revenues:		
Bed tax revenue	\$ 453,426	\$ 430,758
Interest income	716	1,082
Grant revenue (note 5)	74,667	-
DVIC revenue (note 1)	41,599	-
Other income:		
Maps	770	-
Visitors guide	-	1,350
Sports partners	13,880	-
Meeting partners	26,150	5,200
Miscellaneous	<u>160</u>	<u>-</u>
Total revenues	611,368	438,390
Expenses:		
Program expenses:		
Compensation	118,812	52,187
Payroll taxes and benefits (note 4)	17,828	9,126
Advertising (note 1)	52,669	87,905
Memorial tournament	7,733	17,156
Mileage, meals and parking	3,983	2,113
Art and design	18,890	18,068
Printing and publications	28,971	21,975
Production	5,821	2,184
Promotions and related items	9,466	7,676
Skelly the Leprechaun	2,324	2,989
Premiums	7,835	4,089
Web site	6,577	4,996
Trade shows and related expenses	11,803	8,016
Conferences	3,760	2,079
Meetings	-	701
Rent, utilities and maintenance (note 2)	17,448	-
Depreciation (note 1)	2,917	-
Occupancy services contract (note 2)	2,450	4,200
Dues and subscriptions	1,150	729
Telephone	665	-
Postage and supplies	1,500	7,352
Research	4,310	5,010
Miscellaneous expenses	<u>1,818</u>	<u>2,413</u>
Total program expenses	328,730	260,964

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The accompanying notes are an integral part of the consolidated financial statements.

DUBLIN CONVENTION AND VISITORS BUREAU
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Administrative expenses:		
Compensation	96,076	97,283
Payroll taxes and benefits (note 4)	14,416	17,013
Rent, utilities and maintenance (note 2)	51,499	14,725
Telephone	3,428	5,639
Postage and supplies	13,951	11,676
Equipment lease (note 2)	4,348	4,324
Computer expense	2,507	2,256
Professional services	11,057	5,487
Insurance	2,226	2,014
Dues and subscriptions	2,918	3,008
Conferences	1,426	4,524
Trade shows	-	150
Mileage, meals and parking	5,127	3,410
Move to 9 South High Street	20,185	-
Interest expense (note 6)	677	-
Depreciation (note 1)	11,613	2,454
Miscellaneous expense	4,556	2,880
Total administrative expenses	<u>246,010</u>	<u>176,843</u>
Total expenses	<u>574,740</u>	<u>437,807</u>
Increase in net assets	36,628	583
Net assets at beginning of year	<u>79,857</u>	<u>79,274</u>
Net assets at end of year	<u>\$ 116,485</u>	<u>\$ 79,857</u>

The accompanying notes are an integral part of the consolidated financial statements.

DUBLIN CONVENTION AND VISITORS BUREAU
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Cash received from bed tax	\$ 447,521	\$ 424,948
Cash received from grants	81,333	-
Cash received from DVIC efforts	33,599	-
Interest received	716	1,082
Other income	43,654	3,813
Cash paid to suppliers and employees	<u>(558,212)</u>	<u>(436,319)</u>
Net cash provided (used) by operating activities	48,611	(6,476)
Cash flows from investing activities:		
Purchase of phone system	-	(4,330)
Purchase of leasehold improvements	(61,141)	-
Purchase of computers, equipment and furniture	<u>(65,066)</u>	<u>(1,866)</u>
Net cash (used) in investing activities	(126,207)	(6,196)
Cash flows from financing activities:		
Bank line of credit	<u>55,000</u>	-
Net cash provided by financing activities	<u>55,000</u>	-
Net (decrease) in cash	(22,596)	(12,672)
Cash at beginning of year	<u>25,796</u>	<u>38,468</u>
Cash at end of year	\$ <u><u>3,200</u></u>	\$ <u><u>25,796</u></u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ 36,628	\$ 583
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,530	2,454
(Increase) in receivables	(11,211)	(8,547)
Decrease in prepaid expenses	1,556	-
Increase (decrease) in current liabilities	<u>7,108</u>	<u>(966)</u>
Net cash provided (used) by operating activities	\$ <u><u>48,611</u></u>	\$ <u><u>(6,476)</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

DUBLIN CONVENTION AND VISITORS BUREAU
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2001 and 2000

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Dublin Convention and Visitors Bureau (“Bureau”) was formed in 1988 as the result of legislation imposing a hotel bed tax in the city of Dublin, Ohio. The Bureau, as required by Ohio statute, receives 25% of the Dublin bed tax collected. The funds are used to promote Dublin, Ohio as a destination for travelers, with emphasis placed on encouraging overnight stays at the area hotels. Provided the funds are used in a business-like manner to promote Dublin tourism, there are no restrictions on their use.

In March 2001, the Bureau opened the Dublin Visitor and Information Center (“DVIC”) and made application to form a separate nonprofit organization to oversee the Visitor Center, thus making it eligible for grants and requests for other funding/sponsorships. Major revenues currently consist of corporate sponsorships. The Bureau pays all expenses of DVIC, including rent and staffing. DVIC revenues are transferred to the Bureau to offset the expenses of operating the Visitor Center. There are no restrictions on the funds received from DVIC corporate sponsors. For the years ended June 30, 2001 and 2000 DVIC revenues approximated 7% and 0% of total revenues, respectively.

Basis of Presentation

The accompanying financial statements include the accounts of Dublin Convention and Visitors Bureau as well as those of Dublin Visitor and Information Center. All significant intercompany transactions and balances have been eliminated.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Depreciation

Computers, office equipment, furniture and fixtures are carried at cost less accumulated depreciation and are being depreciated over five years using the straight-line method. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and the related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in revenues and gains. Leasehold improvements are amortized using the straight-line method over ten years.

Income Taxes

The Bureau qualifies as a tax-exempt organization under Internal Revenue Code Section 501 (c) (6) as determined by the Internal Revenue Service in a letter dated December 8, 1988. The Bureau has made application for Dublin Visitor and Information Center (“DVIC”) to qualify as a tax-exempt organization under Internal Revenue Code Section 501 (c) (3). The status of this application was undetermined at June 30, 2001.

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DUBLIN CONVENTION AND VISITORS BUREAU
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2001 and 2000

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For the statements of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. The Bureau has no cash equivalents at June 30, 2001 and 2000.

Advertising

The Bureau follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$52,669 and \$68,454 for the years ended June 30, 2001 and 2000.

Note 2 – LEASE OBLIGATIONS

On January 1, 1994, the Bureau entered into a three-year lease, which expired December 31, 1996, with the Dublin Chamber of Commerce, for office space located at 129 South High Street, Dublin, Ohio. Effective January 1, 1997, the lease was extended for a three-year period, which expired December 31, 1999, and was continued informally through January 31, 2001. Under the terms of the original and the extended leases, the monthly lease payment was \$1,020. The lease was permanently terminated on January 31, 2001 and, therefore, no future rental commitment exists.

Additionally, the Bureau entered into an administrative services agreement on January 1, 1994 with the Dublin Chamber of Commerce. The agreement included a provision to pay the Dublin Chamber of Commerce \$500 per month for equipment rental and receptionist services. The agreement was renegotiated effective January 1, 1996 and the services fee was revised to \$350 per month since the Bureau provided many of its own receptionist services. The agreement terminated simultaneously with the lease agreement between the Bureau and the Dublin Chamber of Commerce. The total annual expenses under this agreement were \$2,450 and \$4,200 for the years ended June 30, 2001 and 2000.

Effective December 1, 2000, the Bureau entered into a five-year lease with Grabill & Company, LLC, for office space located at 9 South High Street, Dublin, Ohio. Under the terms of the lease, the monthly lease payment is \$7,046, comprised of a minimum monthly base rent of \$5,525 plus the Bureau's estimated pro-rata share of certain expenses incurred by Grabill & Company, LLC in connection with the operation of said premises. The approximate future rental commitment of the lease is as follows:

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DUBLIN CONVENTION AND VISITORS BUREAU
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2001 and 2000

Note 2 – LEASE OBLIGATIONS, continued

Years Ended <u>June 30,</u>	<u>Amount</u>
2002	84,552
2003	84,552
2004	84,552
2005	84,552
2006	<u>35,230</u>
Total	\$ <u>373,438</u>

On December 15, 1996, the Bureau entered into a non-cancelable, four-year lease with Xerox Corporation, for the lease of a copier. The lease also contained a purchase option amount of \$700, exercisable at the end of the lease period. The monthly lease payment, effective as of April 1, 1999, was \$359, with the total lease expense for the years ended June 30, 2001 and 2000 being \$2,535 and \$4,324, respectively. The Bureau exercised the purchase option in December 2000 and now owns the copier outright.

Note 3 – RELATED PARTY TRANSACTIONS

The Bureau's lease and services contracts were with the Dublin Chamber of Commerce through January 31, 2001, which appoints one representative to the Bureau's Board of Trustees.

Note 4 – SIMPLIFIED RETIREMENT PLAN

Effective October 1, 1999, the Bureau established a simplified retirement plan that covers all eligible employees. Since inception of the plan, the Bureau's match has been 1% of compensation from all eligible contributions. Effective January 1, 2001, the match increased to 3% of compensation from all eligible contributions. The total expenses under this agreement were \$1,349 and \$798 for the years ended June 30, 2001 and 2000.

Note 5 – GRANT AWARD

On September 18, 2000, the City of Dublin, Ohio formally voted to award a grant to the Bureau of up to \$28,000 for actual relocation costs incurred in connection with the Bureau's move to 9 South High Street, Dublin, Ohio. The relocation costs include office furniture, a telephone operating system and the addition of a restroom in the Visitor Center area of the premises.

Simultaneously, the Bureau was also awarded a grant for \$80,000 annually for a period of five years from the City of Dublin Hotel/Motel Tax Fund to provide financial assistance with rent and staffing associated with the Bureau's relocation to 9 South High Street, Dublin, Ohio. The grant is to be paid in equal monthly installments commencing on December 1, 2000 and continuing for sixty consecutive months.

DUBLIN CONVENTION AND VISITORS BUREAU
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2001 and 2000

Note 6 – LINE OF CREDIT

In January 2001 the Bureau established a line of credit agreement with Firststar Bank providing for maximum borrowings of \$60,000. It bears a variable market rate of interest, which was 7.75% at June 30, 2001. The line of credit expires January 11, 2002, and is secured by the personal property of the Bureau. Borrowings outstanding at June 30, 2001 and 2000 were \$55,000 and \$0.

Note 7 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Bureau's two major sources of revenue, bed tax revenue and grant revenue, are both derived from the City of Dublin's Hotel/Motel Tax Fund. For the years ended June 30, 2001 and 2000 revenues from this source approximated 86% and 98% of total revenues, respectively.

Note 8 – RECLASSIFICATIONS

Certain reclassifications have been made to the June 30, 2000 financial statements to conform to the June 30, 2001 classifications.

Dale Saylor & Associates

Certified Public Accountants

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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

The Board of Trustees
Dublin Convention and Visitors Bureau
Dublin, Ohio

We have audited the consolidated financial statements of the Dublin Convention and Visitors Bureau (a nonprofit organization) and its affiliate, the Dublin Visitor and Information Center, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 5, 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 the Dublin Convention and Visitors Bureau's consolidated 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 the Dublin Convention and Visitors 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. 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 solely for the information and use of the Board of Trustees, management, others within the organization and the State of Ohio Office of the Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Dale Saylor & Associates

Dublin, Ohio

December 5, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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DUBLIN CONVENTION AND VISITORS BUREAU

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
JANUARY 8, 2002**