

Financial Statements and Report of Independent Certified Public Accountants

Greater Cincinnati Convention and Visitors Bureau, Inc.

December 31, 2001 and 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Greater Cincinnati Convention and Visitors Bureau, Inc.

We have reviewed the Independent Auditor's Report of the Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, prepared by Grant Thornton LLP for the audit period January 1, 2001 through 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 Greater Cincinnati Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

April 9, 2002

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Greater Cincinnati Convention and Visitors Bureau, Inc.

We have audited the accompanying statements of financial position of Greater Cincinnati Convention and Visitors Bureau, Inc. as of December 31, 2001 and 2000, and the related statements of changes in net assets 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 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 of America. 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 Greater Cincinnati 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 our report dated February 28, 2002 on our consideration of the Greater Cincinnati Convention and Visitor's Bureau, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of, and should be read in conjunction with, our report on the financial statements.

Grant Thornton LLP

Cincinnati, Ohio
February 28, 2002

Greater Cincinnati Convention and Visitors Bureau, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS	2001	2000
Cash and cash equivalents	\$ 741,334	\$ 604,270
County Hotel/Motel excise tax receivable	943,743	1,185,737
Publication and advertising receivable	109,866	168,592
Subscriptions receivable	211,250	212,680
General and suppliers' current and prior year subscriptions and sundry advances (less allowance for doubtful accounts of \$5,000 in 2000 and 1999)	154,503	58,866
Investments	316,246	335,173
Prepaid expenses	<u>108,055</u>	<u>120,466</u>
 TOTAL CURRENT ASSETS	 2,584,997	 2,685,784
 Property and equipment	 395,649	 383,275
Less accumulated depreciation	<u>332,804</u>	<u>269,658</u>
	<u>62,845</u>	<u>113,617</u>
 TOTAL ASSETS	 \$ 2,647,842	 \$ 2,799,401
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 537,873	\$ 538,865
Payroll taxes and amounts withheld from employees' compensation	500	500
Deferred compensation	587,893	335,173
Deferred subscription income	318,514	336,374
Total liabilities	<u>1,444,780</u>	<u>1,210,912</u>
 Unrestricted net assets	 <u>1,203,062</u>	 <u>1,588,489</u>
 Total unrestricted net assets	 <u>1,203,062</u>	 <u>1,588,489</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,647,842	 \$ 2,799,401

The accompanying notes are an integral part of these statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31,

REVENUES	2001	2000
County Hotel/Motel excise tax revenue	\$ 4,037,113	\$ 4,785,326
Income from members' subscriptions	434,968	438,328
Publication and advertising	356,900	351,750
Registration services	37,642	60,488
Member services	4,001	-
Interest income	16,282	18,640
Other income	8,433	6,777
	<hr/>	<hr/>
Total revenues	4,895,339	5,661,309
EXPENSES		
Solicitation	2,116,928	2,424,551
Tourism	786,723	1,195,602
Visitor information centers	143,817	225,833
Convention sales and services	398,748	469,071
General and administrative	1,013,042	765,508
Publication and production	362,321	360,540
Public relations	209,187	201,135
Contributions	250,000	50,000
Regional Tourism Partnership	-	93,474
Research	-	60,545
	<hr/>	<hr/>
Total expenses	5,280,766	5,846,259
CHANGE IN NET ASSETS	(385,427)	(184,950)
Net assets at beginning of year	<hr/> 1,588,489	<hr/> 1,773,439
NET ASSETS AT END OF YEAR	\$ 1,203,062	\$ 1,588,489
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2001	2000
Cash provided by (used in) operating activities:		
Change in net assets	\$ (385,427)	\$ (184,950)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	63,146	81,537
Decrease in accounts receivable and advances-net	206,513	61,943
(Increase) decrease in prepaid expenses	12,411	(45,162)
Decrease in accounts payable	(992)	(87,010)
Decrease in payroll taxes and amounts withheld	-	(173)
Increase in deferred compensation	252,720	-
Increase (decrease) in deferred subscription income	<u>(17,860)</u>	<u>1,017</u>
Net cash provided by (used in) operating activities	130,511	(172,798)
Cash used in investing activities:		
Purchase of property and equipment	(12,374)	(27,072)
Change in investments	<u>18,927</u>	<u>-</u>
Net cash provided by (used in) investing activities	6,553	(27,072)
Net increase (decrease) in cash and cash equivalents	137,064	(199,870)
Cash and cash equivalents at beginning of year	<u>604,270</u>	<u>804,140</u>
Cash and cash equivalents at end of year	<u>\$ 741,334</u>	<u>\$ 604,270</u>

The accompanying notes are an integral part of these statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - SUMMARY OF ACCOUNTING POLICIES

Greater Cincinnati Convention and Visitors Bureau, Inc. (the Bureau) is a sales, marketing, and service organization and impacts the Greater Cincinnati area economy through convention, trade show, and visitor expenditures.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

1. Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased. The Bureau maintains its cash balances in demand deposit accounts, money market funds, and certificates of deposit primarily with commercial banks in Ohio.

2. Investments

Investments that are held in the deferred compensation plan are valued at market.

3. Fixed Assets

Property and equipment are recorded at cost. Costs of maintenance and repairs are charged to expense as incurred. Major improvements and renewals, in general, are capitalized.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense was \$63,146 and \$81,537 in 2001 and 2000, respectively.

4. Deferred Subscription Income

Deferred income represents billings in the current year that pertain to revenues attributable to the following year.

5. Reclassification

Some prior year amounts have been reclassified to conform with the current year presentation.

NOTE B - REVENUES

The Bureau receives revenues generated from a 3% excise tax on hotel rooms in Hamilton County, Ohio. These revenues are authorized under regulations approved by the Hamilton County Board of Commissioners under legislation approved by the Ohio legislature. Membership and other fees are recognized as earned.

Greater Cincinnati Convention and Visitors Bureau, Inc.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2001 and 2000

NOTE C - CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Bureau to a concentration of credit risk consist of cash. At times, cash balances may be in excess of the insurance coverage provided by the Federal Deposit Insurance Corporation.

NOTE D - LEASES

The Bureau has operating leases for office space, furniture and office equipment and vehicles which expire at various dates through 2006. The future minimum rental commitments as of December 31, 2001 for the noncancelable leases are as follows:

2002	\$112,675
2003	111,605
2004	108,934
2005	107,012
2006	<u>53,506</u>
	<u>\$493,732</u>

Rental expense was \$287,032 and \$265,005 in 2001 and 2000, respectively.

NOTE E - PENSION PLAN

The Bureau has a noncontributory defined contribution pension plan covering all employees who qualify as to age and length of service. The Bureau's policy is to fund pension costs accrued. Pension expense was \$ 147,000 and \$151,118 in 2001 and 2000, respectively.

NOTE F - DEFERRED COMPENSATION

The Greater Cincinnati Convention and Visitors Bureau provides a nonqualified deferred benefit plan to senior personnel. The purpose of this plan is to extend certain benefits which ordinarily accrue from participation in an eligible deferred compensation plan as described in Section 457 of the Internal Revenue Code of 1986. These funds are maintained in separate trusts and are subject to the claims of the Bureau's general creditors. No contributions were made to the plan in 2001. Employer contribution to this plan was \$6,709 in 2000.

Greater Cincinnati Convention and Visitors Bureau, Inc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2001 and 2000

NOTE G - FUNCTIONAL EXPENSES

The Bureau promotes the Greater Cincinnati area economy through its sales and marketing efforts. Expenses related to providing these program services and supporting functions for the year ended December 31 are as follows:

	2001	2000
Program services	\$4,267,724	\$5,080,751
General and administrative	<u>1,013,042</u>	<u>765,508</u>
	<u>\$5,280,766</u>	<u>\$5,846,259</u>

NOTE H - INCOME TAX STATUS

The Internal Revenue Service has ruled that the Bureau qualified under Section 501(c)(6) of the Internal Revenue Code (IRC) and has exempt status under present federal income tax law. Once qualified, the Bureau is required to operate in conformity with the IRC to maintain its qualification. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Bureau's exempt status.

NOTE I - SEPARATION AGREEMENT

The Bureau entered into a separation agreement with its outgoing executive director on September 4, 2001. The purpose of this agreement was to provide certain post-employment benefits for the executive director and to resolve all issues related to the separation from employment. The total cost of this agreement is approximately \$240,000. The outstanding amount of the separation agreement was accrued for as of December 31, 2001 in deferred compensation.

**Report on Compliance and on Internal Control over Financial Reporting
Based on Audit of the Financial Statements in Accordance with
Government Auditing Standards**

Board of Directors
Greater Cincinnati Convention and Visitors Bureau, Inc.

We have audited the financial statements of the Greater Cincinnati Convention and Visitors Bureau, Inc. ("the Bureau") as of December 31, 2001 and for the year then ended, and have issued our report there on dated February 28, 2002. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 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 a material weakness. 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 directors, the Auditor of State of Ohio, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

February 28, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

HAMILTON 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
APRIL 18, 2002**