

**MANSFIELD & RICHLAND COUNTY
CONVENTION & VISITORS BUREAU, INC.**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2001**

J. E. Slaybaugh & Associates, Inc.

Certified Public Accountant

12 East Main Street

Lexington, Ohio 44904



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Board of Directors
Mansfield and Richland County Convention and Visitors Bureau, Inc.
124 North Main Street
Mansfield, Ohio 44902

We have reviewed the Independent Auditor's Report of the Mansfield and Richland County Convention and Visitors Bureau, Inc., Richland County, prepared by J.E. Slaybaugh & Associates, Inc., 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 Mansfield and Richland 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 15, 2002

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MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
MANSFIELD, OHIO
December 31, 2001

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*John E. Slaybaugh III
Certified Public Accountant*

To the Board of Directors of
Mansfield & Richland County Convention
& Visitors Bureau, Inc.

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Mansfield & Richland County Convention & Visitors Bureau, Inc. as of December 31, 2001, 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 these 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 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 Mansfield & Richland County Convention & Visitors Bureau, Inc. as of December 31, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2002 on our consideration of the Organization's internal control over financial reporting and our tests of 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.

This report is intended solely for the information and use of management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
June 18, 2002

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
Statement of Financial Position
for the year ended December 31, 2001

Assets

Current Assets

Cash	\$ 135,079
Accounts Receivable	32,235
Inventory	3,996
Prepaid Expenses	<u>2,782</u>
Total Current Assets	174,092

Property and Equipment

Office Equipment	96,884
Vehicle	20,345
Leasehold Improvements	16,779
Less: Accumulated Depreciation	<u>(69,137)</u>
Total Property and Equipment	64,871

Other Assets

Deposits	<u>2,928</u>
Total Other Assets	<u>2,928</u>
Total Assets	<u>\$ 241,891</u>

Liabilities and Net Assets

Current Liabilities

Capital Lease Obligations-Current	11,500
Accrued Payroll Taxes	4,374
Custodial Fund Obligation	<u>1,499</u>
Total Current Liabilities	<u>17,373</u>

Long-Term Liabilities

Capital Lease Obligations, net of Current	<u>24,720</u>
Total Liabilities	<u>42,093</u>

Net Assets

Unrestricted	199,798
Temporarily Restricted	-
Permanently Restricted	<u>-</u>
Total Net Assets	<u>199,798</u>
Total Liabilities and Net Assets	<u>\$ 241,891</u>

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

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
Statement of Activities
for the year ended December 31, 2001

Changes in unrestricted net assets:

Revenues

Bed tax	\$ 435,042
Membership dues	21,810
Interest income	1,201
Miscellaneous income	44,589
Project revenue	<u>20,014</u>
Total Revenues	<u>\$ 522,656</u>

Expenses

Salaries	211,175
Payroll taxes	17,385
Health insurance	15,212
Retirement	11,417
Outside labor	1,865
Accounting	11,897
Advertising	41,964
Board meetings	1,864
Brochures	50,479
Equipment maintenance	4,504
Dues and subscriptions	6,206
Employee education	380
Insurance- general	3,898
Legal fees	532
Membership refunds	420
Office expense	11,958
Parking	1,629
Postage	16,630
Promotion	36,253
Rent	19,581
Repairs and maintenance	4,839
Security	192
Telephone	16,978
Tourist information center	216
Trade shows, conventions, other meetings	4,660
Trash	290
Travel and entertainment	8,786
Utilities	5,934
Vehicle expense	<u>1,764</u>
Total Operating Expenses	<u>\$ 508,908</u>

(Continued on next page)

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
Statement of Activities, continued
for the year ended December 31, 2001

Other Expenses		
Interest		<u>2,901</u>
Total Other Expenses		<u>2,901</u>
Total Expenses before Depreciation		511,809
Depreciation		<u>12,076</u>
Total Expenses		<u>523,885</u>
 Decrease in Unrestricted Net Assets from Operations		 (1,229)
 Net Assets at Beginning of Year		 <u>213,098</u>
Net Assets before Adjustment		<u>211,869</u>
 Write-off of book value of equipment from expired leases		 <u>(12,071)</u>
 Net Assets at End of Year		 <u>\$ 199,798</u>

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

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
Statement of Cash Flows
for the year ended December 31, 2001

Cash Flows from Operating Activities

Decrease in Net Assets \$ (13,300)

Adjustments to reconcile excess of expenses over
revenue in net assets to net cash used in
operating activities:

Depreciation 12,076

Write-off book value of equipment from expired leases 12,071

(Increase) Decrease in Assets:

Accounts Receivable 2,427

Prepaid Expenses 254

Accounts Payable (1,902)

Accrued Payroll Taxes (1,196)

Custodial Fund Liability (482)

Net Cash Provided/(Used) by
Operating Activities

9,948

Cash Flows from Financing Activities

Repayment on Capital Lease Obligations (11,251)

Net Increase (Decrease) in Cash (1,303)

Cash, Beginning of Year 136,382

Cash, End of Year \$ 135,079

Supplemental Schedule of Noncash Investing and Financing Activities:

During 2001 the organization entered into a capital lease obligation for new computer equipment, including a server, computer workstations and a portable computer. The lease obligation was in the amount of \$20,269 and requires monthly installments through April 2004. The prior leased computer equipment was returned at the lease expiration date.

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

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE #1- Organization and Significant Accounting Policies

The Mansfield & Richland County Convention & Visitors Bureau, Inc. was formed to promote the area and its facilities and attractions as a destination for visitors, resulting in increased business activity and improved quality of life for Richland County.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Mansfield & Richland County Convention & Visitors Bureau, Inc. has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization 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. In addition, Mansfield & Richland County Convention & Visitors Bureau, Inc. is required to present a statement of cash flows.

Contributions

The Mansfield & Richland County Convention & Visitors Bureau, Inc. recognizes contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made". SFAS No. 116 generally requires measuring contributions received and promises to give at their fair value and reporting them as an increase in net assets immediately, even if the donor has restricted their use and the restriction will be met in a future reporting period; that is, none are deferred. As a result, restricted support is recorded immediately, either as an increase in temporarily restricted net assets or permanently restricted net assets, depending on the nature of the donor restricted.

Federal Income Taxes

The Internal Revenue Service has determined that Mansfield & Richland County Convention & Visitors Bureau, Inc. is exempt from federal income taxes under Section 501 (C) (6) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been reflected in these financial statements.

Use of Estimates

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

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE #1- Organization and Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Property and Equipment

Acquisitions of property and equipment are recorded at cost or amounts assigned if acquired by gift. The carrying amount of assets sold, retired, or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reported as other revenues or expenses.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Leasehold Improvements	39 years
Furniture & Fixtures	5-10 years
Vehicles	8-10 years

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses amounted to \$41,964 for the year ended December 31, 2001.

Support and Grants

The Mansfield & Richland County Convention & Visitors Bureau, Inc. reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined on the first-in, first-out basis. Inventories consist principally of brochures.

NOTE #2- Retirement Plan

The Organization terminated its Money Purchase Plan and adopted a 401(k) plan effective July 1, 1999. All employees over 21 years of age with 1,000 hours of service are eligible to participate in the 401(k) plan. Annual employer contributions to the plan are required at 7% of the participant's eligible compensation as defined in the plan. In addition, employee elective contributions are allowed up to 15% of eligible compensation. The Organization's contributions to the active retirement plan totaled \$11,417 for the year ended December 31, 2001.

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE #3 - Concentrations of Credit Risk

Financial instruments that potentially subject the agency to credit risk include cash on deposit with a financial institution amounting to \$135,079 at December 31, 2001, which was insured for up to \$100,000 by the U.S. Federal Deposit Insurance Corporation.

NOTE #4 - Commitments and Contingencies

The Organization receives a substantial amount of support from the City and County. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

NOTE #5 - Capital Leases

The Organization leases a computer system, telephone system and an automobile under the terms of lease agreements expiring on various dates through April 2004. Based on the provisions of Statement No. 13, issued by the Financial Accounting Standards Board, these leases meet the criteria of a capital lease, and accordingly, have been recorded as such. The net present value of the minimum lease payments have been recorded as assets and liabilities. The recorded assets are being depreciated in accordance with the estimated useful lives described in Note 2, and the depreciation is included in depreciation expense in the accompanying statement of sales and distribution expenses.

Future minimum lease payments on capital leases in effect at December 31, 2001 and the present value of the net minimum lease payments related thereto, are as follows:

Period ended December 31:

2002	\$ 13,804
2003	23,185
2004	3,145
2005	-
2006	-
Total minimum lease payments	40,134
Less: Amount representing interest, taxes, and insurance.	<u>3,914</u>
Present value of net minimum lease payments	36,220
Less: Current Portion	<u>(11,500)</u>
Capital Lease Obligation	<u>\$ 24,720</u>

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE #6 - Operating Leases

On November 30, 1999 the Organization entered into a building lease agreement with North Main, Inc. for an initial lease term of 5 years with one (1) option to renew up to 5 years. The initial lease commenced on April 1, 2000. The lease agreement with Foster-Parton expired March 31, 2000. Both leases require monthly lease payments of \$1,550.

Accordingly, the future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2001 are as follows:

Period ended December 31:

2002	\$ 18,600
2003	18,600
2004	18,600
2005	18,600
2006	18,600
Thereafter	<u>62,000</u>
	<u>\$ 155,000</u>

NOTE #7 - Donated Services

The Organization has made in-kind contributions to the Johnny Appleseed Heritage Center. The Johnny Appleseed Heritage Center utilizes office space and administrative support services provided by the Organization. The dollar value of these services has not been quantified. Consequently, an amount for in-kind services has not been recognized in these financial statements.

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
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*John E. Slaybaugh III
Certified Public Accountant*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Mansfield & Richland County Convention
& Visitors Bureau, Inc.

We have audited the accompanying financial statements of Mansfield & Richland County Convention & Visitors Bureau, Inc., as of and for the year ended December 31, 2001, and have issued our report thereon dated June 18, 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.

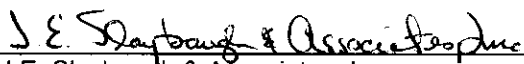
Compliance

As part of obtaining reasonable assurance about whether Mansfield & Richland County Convention & Visitors Bureau, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain 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

In planning and performing our audit, we considered Mansfield & Richland County Convention & Visitors Bureau, Inc.'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 structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure and its operation that we consider to be material weaknesses.

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



J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
June 18, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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MANSFIELD AND RICHLAND COUNTY CONVENTION AND VISITORS BUREAU, INC.

RICHLAND 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 29, 2002**