

MARION AREA CONVENTION
& VISITORS BUREAU, INC.
MARION, OHIO
REPORT ON AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Marion Area Convention and Visitors Bureau
Mallard Square, Suite 110
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Marion, Ohio 43302

We have reviewed the Independent Auditor's Report of the Marion Area Convention and Visitors Bureau, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 2000 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 Marion Area Convention and Visitors Bureau 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

July 12, 2002

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Marion Area Convention & Visitors Bureau
Marion, Ohio

We have audited the accompanying statements of financial position of the Marion Area Convention & Visitors Bureau, Inc. (the CVB) as of December 31, 2001 and 2000, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of CVB'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 State of America and the standards applicable to the financial audits contained in the *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.

As explained in Note 1 to the financial statements, equipment and related depreciation expense has not been recorded in the financial statements. In our opinion, generally accepted accounting principles require that equipment and the related accumulated depreciation be recorded. It is not practicable to determine the effects of the unrecorded equipment and accumulated depreciation on the financial statements.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the CVB 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 May 22, 2002, on our consideration of the CVB's internal control over financial reporting and our test 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.

A handwritten signature in black ink that reads 'Holbrook & Manter' in a cursive script.

Certified Public Accountants

May 22, 2002
Marion, Ohio

MARION AREA CONVENTION & VISITORS BUREAU, INC.
MARION, OHIO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2001 AND 2000

ASSETS

	<u>2001</u>	<u>2000</u>
CURRENT ASSETS:-		
Cash and cash equivalents	\$ 104,936	\$ 96,473
Lodging tax receivable	26,823	27,909
Total current assets	<u>131,759</u>	<u>124,382</u>
 Total assets	 \$ <u><u>131,759</u></u>	 \$ <u><u>124,382</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:-		
Accounts payable	\$ 0	\$ 1,036
Payroll taxes withheld and accrued	2,428	2,021
Total current liabilities	<u>2,428</u>	<u>3,057</u>
 NET ASSETS:-		
Unrestricted	<u>129,331</u>	<u>121,325</u>
 Total liabilities and net assets	 \$ <u><u>131,759</u></u>	 \$ <u><u>124,382</u></u>

The notes to the financial statements are an integral part of this statement.

MARION AREA CONVENTION & VISITORS BUREAU, INC.
MARION, OHIO
STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2001 AND 2000

UNRESTRICTED PUBLIC SUPPORT AND REVENUES:-	<u>2001</u>		<u>2000</u>	
Public support;-				
Lodging tax income	\$ 123,361	97.28%	\$ 131,872	95.58%
Other Income	0	0.00%	3,000	2.18%
Revenues;-				
Visitor's guide and sales	1,314	1.03%	471	0.33%
Miscellaneous income	148	0.12%	8	0.01%
Interest income	1,990	1.57%	2,616	1.90%
	<u>3,452</u>	<u>2.72%</u>	<u>3,095</u>	<u>2.24%</u>
Total unrestricted support and revenues	<u>126,813</u>	<u>100.00%</u>	<u>137,967</u>	<u>100.00%</u>
EXPENSES:-				
Salaries	54,199	42.74%	56,590	41.02%
Payroll taxes	4,388	3.46%	4,644	3.37%
Health insurance	1,645	1.30%	1,064	0.77%
Equipment	1,044	0.82%	116	0.08%
Rent	13,200	10.41%	7,150	5.18%
Office expense	2,781	2.19%	3,276	2.38%
Postage	3,903	3.08%	4,043	2.93%
Repair	0	0.00%	102	0.07%
Marketing	29,741	23.46%	23,025	16.69%
Travel/meetings	967	0.76%	2,529	1.83%
Accounting	310	0.24%	5,619	4.08%
Dues & subscriptions	2,358	1.86%	2,021	1.46%
Telephone	2,814	2.22%	3,068	2.23%
Insurance	1,457	1.15%	1,441	1.04%
Miscellaneous	0	0.00%	346	0.25%
Total expenses	<u>118,807</u>	<u>93.69%</u>	<u>115,034</u>	<u>83.38%</u>
Increase in unrestricted net assets	8,006	<u>6.31%</u>	22,933	<u>16.62%</u>
Net assets beginning of year	<u>121,325</u>		<u>98,392</u>	
Net assets end of year	<u>\$ 129,331</u>		<u>\$ 121,325</u>	

The notes to the financial statements are an integral part of this statement.

MARION AREA CONVENTION & VISITORS BUREAU, INC.
MARION, OHIO
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001 AND 2000

CASH FLOWS FROM OPERATING ACTIVITIES:-	<u>2001</u>	<u>2000</u>
Increase in net assets	\$ 8,006	\$ 22,933
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:-		
Decrease in lodging tax receivable	1,087	1,834
Increase (decrease) in accounts payable	(1,036)	96
Increase in payroll taxes withheld and accrued	<u>406</u>	<u>154</u>
Net increase in cash and cash equivalents	8,463	25,017
Cash and cash equivalents at beginning of year	<u>96,473</u>	<u>71,456</u>
Cash and cash equivalents at end of year	<u>\$ 104,936</u>	<u>\$ 96,473</u>

The notes to the financial statements are an integral part of this statement.

MARION AREA CONVENTION & VISITORS BUREAU, INC.
MARION, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Organization - The Marion Area Convention & Visitors Bureau (the CVB) is a not-for-profit Ohio corporation organized primarily for the purpose of promoting Marion County, Ohio as a convention and tourist location.

Basis of Presentation - The CVB's financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-for-Profit Organizations". Under SFAS 117, the CVB 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, CVB is required to present a statement of cash flows.

The CVB has chosen to depart from generally accepted accounting principles in recording equipment. Equipment is charged to expense in the period it is purchased instead of being capitalized as an asset and depreciated over its useful life. As a result the Statement of Activities and Change in Net Assets include the cost of equipment purchased during the year rather than a provision for depreciation.

The equipment acquired is owned by the CVB, while used in the program for which it was purchased or in other future authorized programs. However, the Marion County Commissioners have a reversionary interest in the equipment. Its disposition, as well as the ownership of any proceeds therefrom, is subject to the terms of the CVB's agreement with the Marion County Commissioners.

Contributions - The CVB elected to adopt SFAS No. 116, "Accounting for Contributions Made", in 2001 and 2000. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor imposed restrictions.

Use of Estimates - The financial statements of CVB are presented in conformity with generally accepted accounting principles. This presentation requires the use of estimates and assumptions made by management that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include cash on hand and on deposit.

Revenue and Cost Recognition - Lodging tax income is recognized in the period the tax is collected by the County Commissioners. Expenditures are recognized as incurred.

MARION AREA CONVENTION & VISITORS BUREAU, INC.
MARION, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 2 - FEDERAL INCOME TAX:-

The CVB is an organization exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code, as a result, a provision for taxes is not required. CVB has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

NOTE 3 - CONCENTRATION OF RISK:-

On August 9, 1994 the CVB entered into a five-year agreement with the Marion County Commissioners to provide Marion County with the services needed to run a full service convention and visitors bureau. Under the terms of this agreement the CVB receives support from the collection of a 3% bed tax charged by each hotel or motel within Marion County. This tax is collected by the County Commissioners and remitted on a quarterly basis to the CVB net of a 5% collection and administration fee. This is the CVB's primary source of funding.

On November 2, 1999 the CVB renewed its agreement with the Marion County Commissioners to provide Marion County with the services for an additional five years. The agreement began January 1, 2000 and will end December 31, 2004. Under the terms of this agreement, the CVB will again receive support from the collection of a 3% bed tax charged by each hotel or motel within Marion County.

During the year 2001, the CVB maintained in a financial institution cash and savings amounts in excess of the Federal Deposit Insurance Corporation (FDIC) maximum limit of \$100,000.

NOTE 4 - OFFICE LEASE:-

The CVB has leased office space in Marion, Ohio under a lease at \$550 per month during fiscal year 2000 and \$1,100 per month during fiscal year 2001. This lease agreement is renewable annually.



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
Marion Area Convention and Visitor's Bureau
Marion, Ohio

We have audited the financial statements of the Marion Area Convention & Visitor's Bureau, Inc. (the CVB) (a nonprofit organization) for the years then ended December 31, 2001 and 2000, and have issued our report thereon dated May 22, 2002. As explained in Note 1 to the financial statements, equipment and related depreciation expense was not recorded in the financial statements. In our opinion this is a departure from generally accepted accounting principles. Our report on the financial statements has been modified for the exception. 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'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 audits 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 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 those 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. However, we noted other matters involving internal controls over financial reporting, which we have reported to management of the Marion Convention & Visitors Bureau in a separate letter dated May 22, 2002.

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

Shullrock & Mante

Certified Public Accountants

May 22, 2002
Marion, Ohio

MARION AREA CONVENTION AND VISITORS BUREAU, INC
MARION, OHIO
STATUS OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000

<u>FINDING</u>	<u>CONDITION</u>	<u>STATUS</u>
Lack of Segregation of Duties	The bookkeeper maintains the general ledger prepares checks for disbursements as well as maintains used and unused checks and prepares the bank reconciliations.	Segregation of conflicting duties within the accounting function is not easily achieved in a small organization. However the CVB has implemented review procedures which allow for stronger control over financial reporting.



STATE OF OHIO
OFFICE OF THE AUDITOR

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MARION AREA CONVENTION AND VISITORS BUREAU

MARION 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 6, 2002**