

FINANCIAL STATEMENTS
CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU

Years ended December 31, 2002 and 2001
with Report of Independent Auditors

FLYNN & COMPANY PSC, INC.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Trustees
Clermont County Convention and Visitors Bureau
410 East Main Street
P.O. Box 100
Batavia, Ohio 45103-0100

We have reviewed the Independent Auditor's Report of the Clermont County Convention and Visitors Bureau, prepared by Flynn & Company PSC, Inc., for the audit period January 1, 2002 through December 31, 2002. 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 Clermont County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 19, 2003

This Page is Intentionally Left Blank.

**CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows.....	5
Notes to the Financial Statements.....	6
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10

This Page is Intentionally Left Blank.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Clermont County Convention and Visitors Bureau
Batavia, Ohio

We have audited the accompanying statements of financial position of Clermont County Convention and Visitors Bureau as of December 31, 2002 and 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Clermont County Convention and Visitors Bureau as of December 31, 2002 and 2001, 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 issued a report dated June 19, 2003, on our consideration of the Clermont County 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 the audit.

Flynn & Company PSC, Inc.

June 19, 2003

**CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION
December 31, 2002 and 2001**

ASSETS		
	<u>2002</u>	<u>2001</u>
Current Assets		
Cash and cash equivalents	\$ 107,420	\$ 66,422
Accounts receivable- lodging tax	23,244	29,545
Accounts receivable-other	245	2,100
Prepaid expense	<u>-</u>	<u>8,084</u>
Total Current Assets	130,909	106,151
Building and Equipment		
Building	214,275	214,275
Land	35,725	35,725
Office improvements	50,870	9,247
Furniture and fixtures	32,315	29,405
Software	<u>1,017</u>	<u>1,017</u>
	334,202	289,669
Less Accumulated Depreciation	<u>(32,021)</u>	<u>(20,894)</u>
Total Building and Equipment	<u>302,181</u>	<u>268,775</u>
TOTAL ASSETS	\$ <u>433,090</u>	\$ <u>374,926</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 4,293	\$ 6,144
Accrued payroll and payroll taxes	3,615	1,786
Current portion of mortgage payable	<u>5,658</u>	<u>5,247</u>
Total Current Liabilities	13,566	13,177
Long-Term Liabilities		
Long-term mortgage payable	<u>174,581</u>	<u>179,874</u>
Total Liabilities	188,147	193,051
Net Assets		
Unrestricted net assets	<u>244,943</u>	<u>181,875</u>
Total Net Assets	<u>244,943</u>	<u>181,875</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>433,090</u>	\$ <u>374,926</u>

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

**CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU
STATEMENTS OF ACTIVITY
For the years ended December 31, 2002 and 2001**

Revenues and Other Support	<u>2002</u>	<u>2001</u>
Lodging tax	\$ 326,823	\$ 302,955
Historical contract	24,000	24,000
Interest income	2,201	1,972
Rental income	954	2,859
Grants	<u>50,000</u>	<u>-</u>
Total revenues and other support	403,978	331,786
Expenses		
Payroll and payroll taxes	115,299	96,035
Benefits	26,456	21,534
Automobile	4,043	2,447
Bank service charges	80	300
Booths, fees and dues	5,267	7,168
Building improvements	5,132	2,622
Building maintenance	3,930	5,055
Depreciation	13,873	12,054
Equipment lease	5,283	6,975
Furniture and equipment	4,737	3,339
Historical contract	24,000	24,000
Insurance	4,178	3,933
Marketing	57,627	20,952
Miscellaneous	9,258	2,141
Mortgage interest	13,921	16,683
Office equipment and maintenance	-	227
Office supplies	3,658	3,824
Printing	2,581	5,529
Postage	441	1,222
Professional fees	12,328	11,655
Property taxes	2,289	2,206
Rent and utilities	7,438	4,711
Staff training and development	-	1,543
Technology	3,322	3,157
Telephone	9,475	8,047
Travel and meetings	<u>6,294</u>	<u>9,634</u>
Total Expenses	<u>340,910</u>	<u>276,993</u>
Increase in Net Assets	63,068	54,793
Net Assets Beginning of Year	<u>181,875</u>	<u>127,082</u>
Net Assets End of Year	\$ <u>244,943</u>	\$ <u>181,875</u>

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

**CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 63,068	\$ 54,793
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,873	12,054
Decrease in accounts receivable	8,156	6,603
Increase (decrease) in accounts payable	(1,851)	1,437
Increase (decrease) in accrued payroll and accrued payroll taxes	1,829	(958)
(Increase) decrease in other assets	<u>8,084</u>	<u>(8,084)</u>
Net cash provided by operating activities	93,159	65,845
 Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(47,279)</u>	<u>(9,378)</u>
Net cash used in investing activities	(47,279)	(9,378)
 Cash Flows from Financing Activities		
Principal payments - mortgage payable	<u>(4,882)</u>	<u>(12,702)</u>
Net cash used in financing activities	<u>(4,882)</u>	<u>(12,702)</u>
 Net Increase in Cash and Cash Equivalents	40,998	43,765
 Cash and Cash Equivalents at Beginning of Year	<u>66,422</u>	<u>22,657</u>
 Cash and Cash Equivalents at End of Year	\$ <u>107,420</u>	\$ <u>66,422</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for:		
Interest	\$ 13,921	\$ 16,683

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

**CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
December 31, 2002**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clermont County Convention and Visitors Bureau is an Ohio not-for-profit organization. Its purpose is to promote special events and encourage travel and tourism in Clermont County. The county provides revenues to the Bureau from its lodging tax imposed on motels and hotels located in Clermont County.

Basis of Presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization.

The organization presently has only unrestricted net assets.

Recognition of Donated Items

The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same period are treated as unrestricted as permitted under SFAS No. 116. The organization received no restricted support in 2002 or 2001.

The organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The organization received no gifts of land, building or equipment in 2002 or 2001.

**CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
December 31, 2002**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the statement of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There are no cash equivalents at December 31, 2002 and 2001.

Accounts Receivable

Accounts receivable at December 31, 2002 consist of lodging tax imposed on motels and hotels in Clermont County. Management believes the balance to be fully collectible and has not recorded an allowance for uncollectible accounts receivable.

Fixed Assets

Fixed assets are stated at cost at date of acquisition or fair market value at date of donation. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the property. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

Income Taxes

The bureau was organized as a tax-exempt organization under IRS Code Section 501 (c) (6); therefore it incurs no federal income tax. The exempt function for which it was organized is to provide information to visitors and to encourage tourism within Clermont County. The Bureau is not a private foundation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
December 31, 2002**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis below. These costs have been allocated among the programs and supporting services benefited based on estimates made by management.

	<u>2002</u>	<u>2001</u>
Program services	\$ 245,455	\$ 199,435
General and administrative	<u>95,455</u>	<u>77,558</u>
Total expenses	\$ <u>340,910</u>	\$ <u>276,993</u>

Reclassification

Certain reclassifications have been made to the 2001 financial statements in order to conform to the 2002 presentation.

NOTE 2 – DONATED SERVICES

The Bureau receives the volunteer services of many individuals who perform a variety of tasks that assist in the Bureau's programs. The volunteer services were not recorded in the financial statements since the recognition criteria under accounting principles generally accepted in the United States of America was not met.

NOTE 3 – LONG TERM DEBT

Long term debt consists of a mortgage note. The note is a 7% note payable, secured by the property on East Main Street and is due in monthly installments of \$1,585.28, final payment due August 2011.

The required payments are as follows:

2003	\$ 5,658
2004	\$ 6,060
2005	\$ 6,570
2006	\$ 7,082
2007	\$ 7,634
Thereafter	\$ 147,235

**CLERMONT COUNTY CONVENTION
AND
VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
December 31, 2002**

NOTE 4 – OPERATING LEASE

The Bureau leases a copier under an operating lease. The lease for the copier expires in May 2004. Total lease expense under this lease for 2002 and 2001 was \$3,869 and \$3,339, respectively.

Future minimum lease payments are as follows:

2003	\$	3,141
2004	\$	1,309

NOTE 5 – PENSION PLAN

The Bureau participates in a simplified employee pension plan that covers all full-time employees of the Convention and Visitors Bureau. The Plan provides that the organization shall make a contribution determined by the Board of Trustees. Pension expense for 2002 and 2001 was \$8,021 and \$7,204, 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*.

Board of Trustees
Clermont County Convention and Visitors Bureau

We have audited the financial statements of Clermont County Convention and Visitors Bureau as of and for the year ended December 31, 2002, and have issued our report thereon dated June 19, 2003. 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 Clermont County Convention and Visitors Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provision 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 Clermont County 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 for the information of the Board of Directors, management 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.

Flynn & Company PSC, Inc.

June 19, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CLERMONT COUNTY CONVENTION AND VISITORS BUREAU

CLERMONT 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
OCTOBER 7, 2003**